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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

DODGER, INC.; GOLD, INC.; BORUJ, INC.; and SALOMON HELFON TUACHI, Petitioners, v. INTERACTIVE DATA CORP.; INTERACTIVE DATA PRICING AND REFERENCE DATA, INC.; and DOES 1 through 10, Inclusive, Respondents.	CASE NO. 08-CV-1476-JM-POR **PETITIONER'S REPLY MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF EX PARTE APPLICATION FOR ORDER ENFORCING FINRA SUBPOENA**

PETITIONERS Dodger, Inc., Gold Inc., Boruj, Inc. And Salomon Helfon Tuachi respectfully submit the following Reply Memorandum of Point and Authorities in support of the Ex Parte Application for an Order Enforcing the Financial Industry Regulatory Authority (FINRA) Subpoena.

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I. INTRODUCTION

The issue in this proceeding is the enforceability of a subpoena issued by an Arbitration Panel in a FINRA arbitration to RESPONDENTS herein, Interactive Data Corp. and Interactive Data Pricing and Reference Data, Inc. (collectively "IDC"). IDC has failed and refused to produce any documents responsive to the subpoena which was served in May 2008. The subpoena is enforceable pursuant to Section 7 of the Federal Arbitration Act ("FAA") and California law.[1] IDC does not dispute that the FINRA arbitration panel may issue a subpoena for production at the hearing scheduled to commence October 27, 2008.

There is a split of authority as to whether the FAA authorizes arbitrators to issue pre-hearing subpoenas to non-parties to the arbitration proceeding. The better reasoned decisions hold that the subpoenas are enforceable and are necessary to the purposes of the FAA, particularly where, as here, the issues are complex and production at the hearing would be cumbersome at best, especially if a party such as IDC has the proclivity to contest the necessary production. This reasoning is particularly relevant here, as the underlying proceeding involves complex securities fraud issues, the subpoena was issued by a self-regulated organization (SRO) whose rules provide for the issuance of the subject subpoena and is under the regulatory umbrella of the United States Securities and Exchange Commission (SEC).

IDC spends much of the lengthy Opposition arguing the "meet and confer" process which occurred both prior to the filing of the Petition in the California Superior Court and prior to the Ex Parte Application to Enforce the Subpoena filed by Petitioners. First, the "meet and confer" is not an element that needs to be satisfied. Second, even if the Court were to consider the "meet and confer" process, it unequivocally establishes that a ruling by this Court at this time with respect to the enforceability of the subpoena is absolutely necessary.

Prior to the filing of the Petition and the Ex Parte Application, IDC's counsel made clear IDC's refusal to produce any documentation in response to the subject FINRA subpoena. *See*, Declaration of Brian D. Miller dated August 26, 2008 (Miller Decl.); Exhibits 18-22 and the Reply Declaration of

[1]RESPONDENTS do not contest service of the subpoena nor the original jurisdiction of the California Superior Court with respect to this dispute. This proceeding is before this Court after Petitioner's Removal based upon Diversity Jurisdiction.

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Brian D. Miller submitted herewith. IDC's new found willingness to produce some documentation of its choosing in response to a new hypothetical subpoena to be issued by FINRA does not resolve the issues at hand. Moreover, at the early neutral evaluation conference held by Magistrate Judge Porter on August 29, 2008, counsel for IDC declared that settlement talks were "at an impasse" and that the matter would have to be resolved at the U.S. District Court level.

Petitioners should not need to persuade this Court in addition to the FINRA arbitration panel that the pricing provided by IDC is relevant to the underlying proceeding. However, if there is any doubt, the Reply Declaration of Bradd L. Milove in Support of Ex Parte Application (Milove Decl.) submitted herewith should provide ample additional support for the special need for IDC's records upon which they relied in pricing the subject CMOs.

It would be extremely naive to adopt IDC's position, which is the defense asserted by National Financial Services LLC ("NFS") in the underlying arbitration, that the losses were caused solely by market forces including the "subprime mortgage crisis." Indeed, as self-proclaimed pricing experts, it is surprising that IDC provides no competent evidence for this bald assertion.[2] The evidence relied upon by IDC in pricing the Subject CMOs will confirm or deny whether market forces were the sole proximate cause of Petitioner's losses (or whether mistakes were made or whether the pricing process was corrupted), and should be produced immediately.

CMO securities fraud is an important and timely issue. See News Release by FINRA on September 4, 2008, in which FINRA announced sanctions for sales of CMOs to Retail Investors. Exhibit 1 to Milove Decl. Not coincidentally, the CMO sales to Petitioners originated with a Boca Raton Florida group whose members have historical ties to the brokers most recently sanctioned by FINRA. See Milove Decl. at paragraph 5. IDC's attempt to lay off the entire matter on the "credit crisis" does not provide a satisfactory explanation for the variance between prices reported to the parties in the underlying proceeding which were generated by IDC and actual sales prices which are as much as 88%

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[2]Respondents position that the credit crisis "necessarily resulted in a diminution in value of the investments" is unsupported. **There are no known defaults nor credit rating downgrades associated with any of the 50 CMOs** which are the subject of the subpoena. The critical issue is not credit, its valuation.

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lower than the last monthly statement price. See Exhibit "10" to Miller Decl. dated August 26, 2008.

II. THE SUBPOENA IS ENFORCEABLE PURSUANT TO SECTION 7 OF THE FAA

There is no dispute that Section 7 of the FAA (9 U.S.C. Section 7) authorizes arbitrators to issue subpoenas to non-parties. The legal question raised by IDC is whether the subpoena may properly require production prior to the hearing scheduled to commence October 27, 2008.

The weight of authority responds affirmatively, as the distinction between production pre-hearing and at the hearing is not substantive. Pre-hearing subpoena authority is implied by Section 7 and the hyper-technical reading limiting the subpoena power to hearing subpoenas would unduly hinder complex disputes, such as is present in the underlying proceeding.

Indeed, the U.S. District Court for the District of Massachusetts, home to RESPONDENT IDC and RESPONDENT NFS in the underlying proceeding, has sided squarely on the side of enforceability of arbitration subpoenas with return dates prior to the hearing.

1. **The Subpoena Was Properly Issued**.

> Even if this Court permits White Mountains to raise objections to the subpoena for the first time in its motion to dismiss, that motion still must be denied. Relying on a narrow and literalist construction of FAA Section 7, OBIC argues first that the FAA only authorizes subpoenas requiring the production of documents by third parties at an arbitration hearing, not *prior to* the hearing. Most courts that have considered this argument have rejected it, holding instead that the authority to issue a subpoena requiring the production of documents *at* a hearing necessarily implies the authority to issue a subpoena requiring the production of documents *prior to* the hearing. *See* In Re Security Life Insurance, 228 F.3d 865, 868 (8th Cir. 2000); Atmel Corp. v. LM Ericsson Telefon, AB, 371 F.Supp.2d 402, 403 (S.D.N.Y. 2005); SchlumbergerSema, Inc. v. Xcel Energy, Inc., 2004 WL 67647, *1 (D.Minn. January 9, 2004); In Re Brazell v. American Color Graphics, 2000 WL 364997, *1 (S.D.N.Y. April 7, 2000); Stanton v. Paine Webber Jackson & Curtis Inc., 685 F.Supp. 1241, 1242-43 (S.D. Fla. 1988) (FAA permits prehearing production from non-parties); Integrity Ins. Co. v. Amer. Centennial Ins. Co., 885 F.Supp. 69 (S.D.N.Y. 1995) (same); *compare* Meadows Indemnity Co. v. Nutmeg Insurance Co., 157 F.R.D. 42, 45 (M.D. Tenn. 1994) (non-party can be subpoenaed to produce prehearing documents if "intricately related to the parties involved in the arbitration and [] not mere third-parties who have been pulled into the matter arbitrarily").
>
> *Security Life* is illustrative of this line of cases. In a well-reasoned opinion, the Eighth Circuit upheld a subpoena requiring the pre-hearing production of documents issued by an arbitration panel to a third party reinsurer of one of the parties to the arbitration. Security Life, 228 F.3d at 868. Like White Mountains here, the reinsurer argued that Section 7 of the FAA authorizes arbitrators to issue only subpoenas to non-parties that require them to produce documents at the hearing, not subpoenas requiring

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> the prehearing production of documents. The Court flatly rejected this argument, instead holding "that implicit in an arbitration panel's power to subpoena relevant documents for production at a hearing is the power to order the production of relevant documents for review by a party prior to the hearing." *Id.* at 870-71. That holding applies squarely here.
>
> White Mountains argues that this Court should reject the Eighth Circuit's eminently sensible construction of Section 7 and adopt instead a hyper-technical, theater-of-the-absurd construction of the provision. Specifically, White Mountains urges that this Court hold that although the Liberty/OBIC Arbitration Panel may order White Mountains to produce documents at the hearing in that proceeding, it may not order White Mountains to produce documents at any other time or juncture of the proceeding.

Liberty Mutual Insurance Company v. White Mountains Insurance Group, 2006 U.S. Dist. Ct. Motion LEXIS 35350, * 9-12 (D.Mass. 2006).

Limiting subpoenas to production at the hearing would hamstring complex cases such as that one presented by the underlying proceeding.

> There is little dispute the arbitration panel, pursuant to its authority under Section 7, could require a witness in the name of Willis Corroon to appear before the panel and bring all of the documents at issue to a hearing. Considering the sheer number of documents addressed by the subpoena, however, this scenario seems quite fantastic and practically unreasonable. With this in mind, the arbitration panel issued the disputed subpoena as a method of dealing with complex and voluminous discovery matters in an ordering and efficient manner. *See* Docket Entry No. 9. Mindful that one of the ultimate goals of the arbitration panel is to make a full and fair determination of the issues involved, and the underlying policies behind arbitration include the resolution of issues in an efficient and less costly manner, the panel's decision to issue the subpoena seems entirely reasonable.
>
> Contrary to the arguments of Willis Corroon, I find that Section 7 authorizes the action take by the arbitration panel. Stanton v. Paine Webber Jackson & Curtis, 685 F.Supp. 1241 (S.D.Fla. 1988). The power of the panel to compel production of documents from third-parties for the purposes of a hearing implicitly authorizes the lesser power to compel such documents for arbitration purposes prior to a hearing. Willis Corroon's argument requires adoption of an unnecessarily constrictive and unreasonable reading of Section 7 which would limit the ability of the arbitration panel to deal effectively with a large and complex case such as the one at hand, and generally hamper the use of arbitration as a forum for dispute resolution.

Meadows Indemnity Company Ltd. v. Nutmeg Insurance Co., 157 F.R.D. 42, 44-45 (M.D.Tenn. 1994).

Indeed, the Meadows opinion highlights the difficulties raised by an insistence that voluminous documentation only be produced at the hearing, it is impractical. Indeed, given IDC's proclivity to object to production and IDC's claim that the subpoenaed documents are voluminous, it would result in a failure of the arbitration process.

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Also, as in Meadows, IDC is not a total stranger to the underlying dispute, as the source for the pricing for the collateralized mortgage obligation (CMO) investments at issue.

> While Willis Corroon and BSIS are not parties to the arbitration, they are intricately related to the parties involved in the arbitration and are not mere third-parties who have been pulled into this matter arbitrarily. (Underlining added.)

Id. 157 F.R.D. at 45. Since IDC holds itself out as experts in the CMO pricing arena, and sells its services to the highly regulated securities industry, production of records concerning the basis for the pricing should not be unduly burdensome when requested by industry arbitrators in a federal securities fraud proceeding. IDC brochures touting its pricing prowess and the thoroughness of its methodologies are included within Exhibits "3" and "4" to the Milove Decl. Also, see ftid.com.

IDC was at the heart of the pricing discrepancies that resulted in Claimants' losses. *See* Milove Decl. and Exhibits thereto. The power to issue a pre-hearing subpoena to non-parties is a lesser power necessarily encapsulated within Section 7 of the FAA.

> The power of the panel to compel production of documents from third-parties for the purposes of a hearing implicitly authorizes the lesser power to compel such documents for arbitration purposes prior to a hearing. [Movant's] argument requires adoption of an unnecessarily constrictive and unreasonable reading of Section 7 which would limit the ability of the arbitration panel to deal effectively with a large and complex case such as the one at hand, and generally hamper the use of arbitration as a forum for dispute resolution.
>
> *Id.* At 45. The court further noted that because the documents requested would ultimately have to be produced at the hearing, if not prior to it, no added burden was placed on the nonparty. *Id.*
>
> It is the burden placed on the nonparty that distinguishes Meadows from the instant case. Documents are only produced once, whether it is at the arbitration or prior to it. **Common sense encourages the production of documents prior to the hearing so that the parties can familiarize themselves with the content of the documents.**
>
> (Emphasis added.)

Integrity Insurance Company v. American Centennial Insurance Company, 885 F.Supp. 69, 73 (S.D.N.Y. 1995). (Denying enforcement of deposition subpoena.)

Common sense also dictates that if Petitioner's were to have to wait until IDC failed to produce documents on October 27, 2008, the ability to compel production in a petition such as is before the Court would not be practical at that time to permit production prior to the conclusion of the hearing. Indeed,

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this proceeding was filed in the California Superior Court on July 1, 2008, and the parties are still briefing the issues.

This is not a case in which Petitioners seek to require that they produce witnesses for deposition, although NFS might choose to rely upon IDC witnesses at the hearing. IDC is only being asked to produce documents once, and **no additional burden is imposed by requiring production prior to the arbitration hearing**. In re Arbitration between Douglas Brazell, Claimant - against - American Color Graphics, Inc., Respondent, 2000 U.S. Dist. LEXIS 4482 pps. 3-4 (S.D.N.Y. 2000).

Decisions authorizing pre-hearing subpoenas to third parties under the FAA have been extended to labor arbitrations.

> Just as the subpoena power of an arbitrator under the FAA extends to non-parties, a labor arbitrator conducting an arbitration under a collective bargaining agreement should also have the power to subpoena third parties. *See*, Wikes-Barre, 559 F.Supp. At 880 ("a decision to enforce an arbitrator's subpoena will promote the goals of labor policy if it will foster the effective operation of arbitration machinery"). In addition, the FAA's provision authorizing an arbitrator to compel the production of documents from third parties for purposes of an arbitration hearing has been held to implicitly include the authority to compel the production of documents for inspection by a party prior to the hearing. *See* Meadows Indem. Co. v. Nutmeg Ins. Co., 157 F.R.D. 42 (M.D.Tenn.1994); Stanton v. Paine Webber Jackson & Curtis, Inc., 685 F.Supp. 1241 (S.D.Fla.1988). We hold that under § 301, a labor arbitrator is authorized to issue a subpoena duces tecum to compel a third party to produce records he deems material to the case either before or at an arbitration hearing.

American Federation of Television and Radio Artists, AFL-CIO v. WJBK-TV, 164 F.3d 1004, 1010 (6th Cir. 1999).

The Comsat Corp. v. National Science Foundation, 190 F.3d 269, 276 (4th Dist. 1999) case relied upon by IDC holds that a subpoena to a non-party will be enforced upon a showing of special need or hardship. "We do not attempt to define "special need", except to observe that at a minimum, a party must demonstrate that the information it seeks is otherwise unavailable." Id. **As the underlying arbitration proceeding centers around the accuracy of prices generated by IDC and those prices were based upon information which is unavailable to Petitioners, arbitration without an opportunity to review the information upon which the prices were based would be in a vacuum without or devoid of necessary information.**

Also, see ImClone Systems Inc. v. Waksal, 800 N.Y.S.2d 653, 22 A.D.3d 387, 388 (2005)

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(Directing depositions in arbitration proceeding: "It was unnecessary for defendant to state in so many words that such information was otherwise unavailable or that exceptional circumstances, special need or hardship exist.").

III. THE SUBPOENA IS ENFORCEABLE PURSUANT TO CALIFORNIA LAW

IDC concedes that California law authorizes pre-hearing subpoenas in arbitration proceedings when there is an arbitration agreement which provides for this procedure. See Opposition Memorandum at 16:11, 21; 14-17. The parties to the underlying arbitration proceeding agreed to be bound by rules of the NASD, which are incorporated into the arbitration agreement. Visa USA Inc. v. Maritz Inc., 2008 WL 744832 (ND. Cal. 2008).

Moreover, California Code of Civil Procedure Section 1282.6(a) expressly authorizes issuance of a subpoena at an arbitration proceeding by a neutral arbitrator. There is no suggestion in the code or otherwise that the power to compel documents is limited to the formal hearing in the matter. Indeed, all of the public policy arguments previously discussed in connection with Section 7 of the FAA, favor interpreting Section 1282.6 so as to provide for pre-hearing enforcement.

California procedural law with respect to the conduct of arbitration proceedings is not preempted by Federal law, unless it interferes with the purpose of the FAA. Volt Information Sciences, Inc. v. Board of Trustees, 489 U.S. 468 472 (1989). Best Interiors Inc. v. Millie and Severson Inc., 161 Cal.App.4th 1320, 1325-26 (2008) citing Convs. Investments Inc. v. Concierge Services, 35 Cal.4th 376, 380 (2005). The purposes of the FAA are promoted by enforcing the subpoena at this time.

IV. IDC FAILS TO ESTABLISH UNDUE BURDEN

Although IDC is in the business of providing prices for CMOs to the securities industry, it claims, without any explanation of how it maintains documents supporting its price valuations, that to produce the documents upon which the prices were based is an "undue burden."

With its answer, IDC submitted the declaration of in-house counsel, Sigal Lewkowicz, dated August 13, 2008, who based the claim of undue burden on an expansive reading of the subpoena's definition of "SUBJECT CMOs" which "shall mean Collateralized Mortgage Obligations, derivatives and all other securities appearing in client accounts including" the fifty (50) securities listed by CUSIP

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and identified by name.

Essentially, the definition's inclusion of all other securities appearing in client accounts was read to include all securities on which IDC reported prices, since IDC did not know what securities were in customer accounts. In the meet and confer process and in the ex parte application itself, Petitioners made clear that the definition of SUBJECT CMO, should not be read so expansively and is limited to the 50 securities specifically identified. The response in IDC's opposition is a statement that the limitation actually makes IDC's search more difficult, as now IDC has to look for documents supporting the prices for specific securities, not just the universe of securities covered by IDC. IDC's Opposition at p. 20, 27-28.

Paragraph 7 of the original Lewkowicz declaration does not support the argument made and it defies logic and common sense to believe that an industry leader is providing prices for CMOs yet cannot readily call up historical information considered in generating historical prices. Indeed, if the evaluators cannot access historical information, IDC's business model which includes continuous pricing would necessarily fail. Yet, IDC continues to thrive and profit by providing pricing to the securities industry. See ftid.com.

The lack of credibility in the undue burden argument by IDC is amongst the reasons why Petitioners requested a deposition to discover how IDC maintains its records in connection with the pricing of CMOs and which records could be readily accessed. It is not credible to believe that if IDC wanted to examine the basis for its own pricing of the 50 securities, it could not do so without spending tens of thousands of hours looking for the relevant documents to begin its examination.

The second Lewkowicz declaration dated September 3, 2008, does not address the undue burden argument, and contains a cryptic description of information included in pricing CMO's.

> Among the securities evaluated by PRD are Collateralized Mortgage Obligations ("CMOs"). PRD considers information including its proprietary models, available quotes, trade and other market data to determine evaluations for CMOs and other securities.

At paragraph 3. In fact, there must be more. In order to create a model for a particular security, IDC needs underlying source information upon which to "model" the security.

Errors in pricing could result because IDC received bad information, which might reveal that

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someone corrupted the pricing process. Errors could occur because IDC made assumptions in the modeling process which are not supported by the data. In any event, the truth will aid the arbitration's noble purpose. The issue is not, as suggested on the first page of IDC's opposition, whether IDC is liable to Petitioner's for any mistakes made, but rather whether IDC's potential embarrassment from the pricing fiasco is justification to cover up mistakes made.

The time period covered by the subpoena, 2004 through September 2007, coincides with the time period that Mr. Popper ran the CMO bond trading group in Boca Raton Florida while associated with Brookstreet Securities Corp. (January 2004 - June 2007) plus several months. As set forth in the Milove Decl. submitted herewith and exhibits thereto, price discrepancies, challenges and disputes with or involving IDC occurred from 2004 well into 2007.

The melt-down came in June 2007, when CMO pricing issues forced Brookstreet's closure and decimated Petitioner's accounts. While particular emphasis in the underlying proceeding will necessarily be paid to the prices in 2007, including the changes in the assumptive data and models during 2007, the original modeling of the securities and the information upon which the models were based is necessary, as well as the documents responsive to the other categories covered by the subpoena. Ample justification exists for pricing information for the time period of January 1, 2004 through September 2007.

In opposing enforcement the only business records submitted by IDC were records with respect to the incorporation of Petitioner entities, which IDC presumably obtained from NFS. The time has come for IDC to be compelled to produce its own records which are relevant and necessary for the arbitration proceeding.

V. CONCLUSION

Petitioners respectfully request that the Court issue an order to Respondents requiring immediate compliance with the FINRA subpoena and, in the alternative, ordering Rule 30(b)(6) depositions as requested in the Reply Miller Decl. submitted herewith. **MILLER & MILOVE**

Dated: September ___, 2008

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

DODGER, INC.; GOLD, INC.; BORUJ, INC.; and SALOMON HELFON TUACHI, Petitioners, v. INTERACTIVE DATA CORP.; INTERACTIVE DATA PRICING AND REFERENCE DATA, INC.; and DOES 1 through 10, Inclusive, Respondents.	CASE NO. 08-CV-1476-JM-POR **REPLY DECLARATION OF BRIAN D. MILLER IN SUPPORT OF EX PARTE APPLICATION TO ENFORCE FINRA SUBPOENA**

I, Brian D. Miller, declare from my personal knowledge as follows:

1. I am an attorney at law and admitted to practice before this Court and am counsel for Petitioners herein.

I.

ARBITRATION CHAIRMAN BOWERSOX HAS STATED THAT TIME IS OF THE ESSENCE AND SUGGESTED THIS COURT PROCEEDING MAY BE NECESSARY

2. Attached as Exhibit "1" is a true and correct copy of the Report and Rulings of the Panel on the March 27, 2008 hearing in the underlying arbitration proceeding. These rulings followed an in-person oral argument before the entire panel of three arbitrators which lasted most of the business day

on March 27, 2008.

3. As indicated in paragraph 4 of the Rulings, the Panel ruled that a subpoena could be served on IDC. Petitioners' counsel prepared a proposed subpoena and submitted it for issuance by the Chairman. Respondent National Financial Services LLC ("NFS") had not only opposed the motion to issue the subpoena, they also opposed the form of the proposed subpoena by letter dated April 16, 2008, a copy of which is Exhibit "2" hereto.

4. The form of the subpoena actually issued reflects that NFS' points were taken into consideration. The cover letter from Chairman Bowersox dated April 25, 2008, a copy of which is Exhibit "3" hereto, discusses the changes and states:

> I will be making these changes on the revised subpoena as you requested and it will be mailed forthwith. **Since time is of the essence, I wanted to get this information to you ASAP.** (Emphasis added.)

A true and correct copy of Chairman Bowersox's April 25, 2008 letter is attached as Exhibit "3". Unfortunately, despite the Chairman's directive, there was a delay in receipt of the subpoena and it was not served on Respondents until May 16, 2008.

5. Petitioners requested that the Chairman reissue the subpoena in part based upon the short time period for compliance, ie. the subpoena called for production on May 20, 2008. In a June 17, 2008 ruling, the Chairman denied Petitioners request to reissue the subpoena stating:

> **The Order of the Chair follows:**
>
> **1. The subpoena to IDS will not be re-issued since it is unlikely that IDS (sic) will respond. Claimants may have to seek relief in the courts.**
>
> (Emphasis added.)

A true and correct copy of the June 17, 2008 Order of Chairman Bowersox is attached as Exhibit "4". This proceeding followed receipt of the June 17, 2008 Order.

II.

<u>ATTEMPTS TO OBTAIN RESPONDENTS COOPERATION</u>

6. Mr. Milove of Miller & Milove, initially contacted Respondents to obtain information and/or documentation relevant to the underlying arbitration proceeding. That contact is documented in

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the Reply Declaration of Bradd L. Milove in Support of motion to Compel Discovery, dated March 10, 2008, Exhibit "13" to my declaration dated August 26, 2008 filed in this action. The response to the informal inquiry was a February 27, 2008 letter from Mr. Bouley, in-house counsel, demanding correspondence or requests for information be directed to counsel. *See* Exhibit "14" to my August 26, 2008 declaration.

7. By letter dated May 16, 2008, Mr. Milove forwarded the FINRA subpoena to Mr. Bouley. See Exhibit "17" to my August 26, 2008 declaration. The response was a letter dated May 20, 2008 from Mr. Mark W. Pearlstein of McDermott Will and Emery (Exhibit "18" to my August 26, 2008 declaration) to which I responded by letter dated June 3, 2008 (Exhibit "19" to my August 26, 2008 declaration) and Mr. Pearlstein responded by letter dated June 10, 2008. Exhibit "20" to my August 26, 2008 declaration.

8. After the Petition to Compel enforcement was filed and my office received the Respondents Answer and Notice of Removal, I again initiated correspondence and discussion in the hope of an informal resolution. *(See* Exhibit "23" to my August 26, 2008 declaration, my letter dated August 15, 2008.) This round involved several additional telephonic conferences and correspondence between counsel. I was not personally aware that counsel had sent a letter dated August 25, 2008 (Exhibit "I" to the Laura McLane declaration) when I submitted the subject ex parte application on August 26, 2008. However, I responded by letter dated August 28, 2008, as soon as I saw that letter. Exhibit "J" to the McLane declaration.

9. In any event, the Early Neutral Evaluation conference conducted by Magistrate Judge Porter on August 28, 2008, made clear that further discussions would prove fruitless as counsel for Respondents declared we were "at an impasse" despite the additional round of correspondence.

III.

PETITIONERS WILLINGNESS TO LIMIT ENFORCEMENT OF THE SUBPOENA

A. Petitioners Offered Respondents Extensions of Time If IDC Would Agree to Produce.

From the outset, Petitioners were in agreement with Respondents that the time on the subpoena for production should not be enforced as it was unreasonably short due to an apparent bureaucratic

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bottleneck at FINRA in receiving the subpoena from Chairman Bowersox after his signature. In my letter dated June 3, 2008, I wrote to Mr. Pearlstein:

> With respect to the argument that the time period for production is unreasonable, we are sympathetic. The short period for production was the result of an unforeseen delay in obtaining the subpoena from FINRA after submission. We would grant reasonable time for compliance if your client was inclined to comply with the subpoena.

Exhibit "19" to my August 26, 2008 declaration. Indeed, as previously discussed in this declaration, an additional request was made by Petitioners to Chairman Bowersox to reissue the subpoena, which was denied because:

> . . . it is unlikely that IDS (sic) will respond. Claimants may have to seek relief in the courts.

Exhibit "4" hereto.

B. <u>Petitioners Unilaterally Agreed to a Restrictive Interpretation of the "Subject CMOs" that is Limited to the 50 Securities specifically Identified</u>.

11. As Respondents have argued that the definition of Subject CMOs is overly broad because it potentially includes CMOs in addition to the 50 specifically identified in the subpoena, I agreed unconditionally in a conference call with opposing counsel that the definition of Subject CMOs should not be interpreted to include securities not specifically listed in the definition. Indeed, the proposed order makes clear this point as well.

12. The Declaration of Laura McLane states that in our conversation of August 19, 2008, that I suggested that "Petitioners really only were interested in a subset of those 50 CMOs". At 3:12. In fact, I did not say we were only interested in a subset of the 50 CMOs. I did say that if an agreement could be worked out whereby Respondents voluntarily produced documents, we would be willing to limit production to less than 50 in exchange for such an agreement. No agreement was reached.

/ / /

/ / /

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/ / /

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IV.

IF ENFORCEMENT IS DELAYED - RULE 30(b)(6) DEPOSITIONS SHOULD BE ORDERED

13. Respondents have not produced any documents in response to the subpoena nor have they indicated how historical documents are retrieved by IDC evaluators who face pricing issues on an ongoing basis. If the Court is not inclined to order immediate compliance with the subpoena, Petitioners' counsel respectfully requests the opportunity to conduct rule 30(b)(6) depositions of:

(a) The persons most knowledgeable with respect to the manner in which Respondents retrieve historical information utilized in pricing collateralized mortgage obligation securities;

(b) Record retention of the documentation utilized in modeling and/or pricing collateralized mortgage obligation securities;

(c) Documents relied upon in modeling and pricing the "Subject CMOs"; and

(d) Communications with Respondents in the underlying proceeding and records retained in connection with the communications.

The documents sought in the subpoena are necessary for the underlying arbitration proceeding and are simply unavailable from any other source.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 8th day of September, 2008 at San Diego, California.

Brian D. Miller

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Report and Rulings of the Panel on the March 27, 2008 hearing on Case #07-02060

An in-person hearing was held on March 27, 2008 in San Diego to consider several motions brought by both Claimants and Respondents.

Attending were:

Bradd L. Milove, Esq. and Brian D. Miller, Esq., Attorneys for Claimant Dodger.

Kevin K. Fitzgerald, Esq., Attorney for Respondent Clifford Popper

Arthur Leider, representing Respondent Arieh Manor

Michael G. Shannon, Esq. Attorney for Respondent NFS.

Michelle Oliver, Esq. Attorney for Respondent NFS

Rochelle S. Kennedy, Esq., FMR Legal Department

Note: H. Thomas Fehn, Esq. Attorney for Respondent Brookstreet, advised by letter that he would not attend the hearing but would be available by telephone if needed.

The Panel Members were:

Patricia Reilly, Esq.

E. Milton Frosburg, Esq.

James H. Bowersox, Chair

After hearing the arguments on the motions made by Claimants and Respondents representatives, and after their deliberations, the Panel made the following rulings:

1. On Clifford A. Popper's Motion to Dismiss, the motion is DENIED.

2. On Respondent NSF's Motion to Dismiss, the motion is DENIED.

3. On Claimant's Motions to Compel, the motions are GRANTED but with the following conditions and understandings. The Panel is aware of NSF's statement that additional documents may be provided if their motion to dismiss is denied. Claimant's counsel Milove put forward a list of five areas of document priority. The Panel is also aware that Respondent Brookstreet is in possession of an

unknown quantity of documents concerning their CMO activity. Therefore, the Panel directs attorneys for all parties to meet and confer to discuss production of items in FINRA Lists 1 and 2. It is expected that document production requests will be minimized and directly related to CMO events of the parties in this particular case. Objections to production and responses to those objections are to be made under the FINRA rules with submission to the Chair if necessary.

4. On Claimant's Subpoena to Interactive Data Corporation (IDC), the Panel agreed that it may be served but with the following adjustments. Under the heading Documents to be Produced (pages 4 & 5), item 1 is overly broad and is to be restricted to CMO documents relating to NSF and only for the parties in this case. Item 2 is overly broad and shall be restricted to CMO's produced by Popper. Items 3, 4, 5 and 6 requests are to be limited to the instant case. Item 7 is limited to payments received by IDC from NSF and/or Brookstreet. Items 8 and 9 are overbroad and are to be narrowed to the specifics in this case.

The above rulings are presented for the Panel by:

James H. Bowersox

James H. Bowersox
Chairman

THELEN
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April 16, 2008

Laura D. McNamire, Esq.
Staff Attorney
FINRA Dispute Resolution
300 South Grand Avenue, Suite 900
Los Angeles, CA 90071-3135

Re: Dodger/Gold v. Brookstreet
FINRA Consolidated Case Nos.: 07-02060 and 07-02185

Dear Ms. McNamire:

As counsel for Respondent National Financial Services LLC (NFS), we submit this letter to object to the Claimants' proposed revised subpoena to Interactive Data Corporation (IDC) to the extent that two specific requests in it are contrary to the Panel's Order:[1]

The Panel's Order directed that the original Request 9 which sought: "All correspondence relating in any manner to Brookstreet Securities and/or Clifford Popper, including but not limited to correspondence with NFS, Fidelity Investments, FMR Corporation, the United States Securities and Exchange Commission, the NASD, FINRA and all other industry and government agencies" be "narrowed to the specifics in this case." The new version (Item 8 in the proposed revised subpoena) now repeats the same words with the sole exception that the words "in any manner" have been deleted. Otherwise, the request is *verbatim* to that which the Panel had ordered to be narrowed.

Item 9 on the proposed revised subpoena is a new request. It seeks "all documents relating to the Subject CMOs." This additional request is patently overbroad in time and subject matter and should, like the other requests, at least be limited to the parties and transactions in this case.

[1] For your convenience, we have attached a copy of the Claimant's first subpoena to IDC, the Claimants' recently amended subpoena to IDC and the Panel's Order.

THELEN
Thelen Reid Brown Raysman & Steiner LLP

Laura D. McNamire, Esq.
April 16, 2008
Page 2

We respectfully request that before it is issued the proposed subpoena be modified accordingly.

Very truly yours,

Michael G. Shannon

Michael G. Shannon

MGS/zs
Cc: Bradd L. Milove, Esq.
H. Thomas Fehn, Esq.
Kevin Fitzgerald, Esq.
Arthur S. Leider, Esq.

NY 1258921

FINRA Confidential

Ramos, Rosemenie

From: James Bowersox
Sent: Friday, April 25, 2008 1:47 PM
To: McNamire, Laura; Western Processing Center
Cc: Milton Frosburg; Patricia Reilly
Subject: Case # 07-02060 Dodger et al

Ms. McNamire,

In reference to the revised IDC subpoena submitted by Miller & Milove, please note the following changes:

Item No. 8. (add at the end) "limited to the period January 2004 through September 2007.

Item No. 9. Delete. Redundant to Item No. 1. As stated in Mr. Milove's letter of April 17, 2008, their interest is in the pricing aspects and Item 1 requests "All documnets relating to the pricing of "SUBJECT CMOs" etc. so Item 9 is not needed.

I will be making these changes on the revised subpoena as you requested and it will be mailed forthwith. Since time is of the essence, I wanted to get this information to you asap.

Very truly yours,

James H. Bowersox

Ramos, Rosemenie

From: James Bowersox
Sent: Tuesday, June 17, 2008 11:16 AM
To: Union, Paula R; Union, Paula R
Cc: Western Processing Center; Milton Frosburg; Patricia Reilly
Subject: Case 07-02060, Dodger v Brookstreet et al

CONFIDENTIAL

Dear Ms. Union,
This email is my response to your letter of June 10 enclosing
(1) Claimant's Motion to Compel dated May 23, 2008
(2) Respndent Brookstreet Securities Response dated May 28, 2008, and
(3) Respondent National Finanacial Services's response dated June 4, 2008.

The following Order is based upon the papers and no pre-hearing conference has been held.

The Order of the Chair follows:

1. The subpoena to IDS will not be re-issued since it is unlikely that IDS will respond. Claimants may have to seek relief in the courts.

2. Miller & Milove are ordered to communicate with all parties in the same manner as they use with FINRA. This will allow for timely responses where appropriate.

3. Claimant's Counsel, Miller & Milove and Resondent's Counsel, Thelen, are ordered to reach agreement on a Confidentiality Agreement within 10 business days from receipt of the Order so Discovery may proceed in producing the agreements cited in the correspondence between the parties.

4. The Panel will not tolerate the failure of the parties to be fully and quickly responsive in discovery matters as required by FINRA regulations. A full range of sanctions is available to the Panel if necessary.

5. Claimants are ordered to produce a written narrative identifying the documents and producing those identified in the 99-90 listing and as outlined in the Thelen letter of June 4, 2008.

6. Brookstreet's custodian of records, Ms. Julie Mains, is ordered to provide Claimant access to the warehouse collection of Brookstreet records at the earliest date that is acceptable to both parties but no later than 10 business days following receipt of this order. This order should be considered as the Panel's response to Mr. Fehn's letter of May 28, 2008. However, Claimants will pay for reasonable costs related to the document search.
Claimant will promptly provide copies to all parties' counsel of their requests for production and the respnses thereto between Claimant and Brookstreet.

7. Brookstreet's Counsel will immediatly provide to Claimant the name(s) and contact information of the"independent operator in the midwest". Counsel will also provide all pertinent Brookstreet Focus Reports as requested by Claimant. Claimants have agreed to cover reasonable retrieval costs.

I believe the above numbered items cover the matters contained in the correspondence received in your letter of June 10, 2008 and are SO ORDERED.

Brian D. Miller, Esq./S.B.# 117262
Bradd L. Milove, Esq./S.B.#117221
Christopher J. Hayes, Esq./S.B.#156882
MILLER & MILOVE
Symphony Towers
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Attorneys for Petitioners

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

DODGER, INC.; GOLD, INC.; BORUJ, INC.; and SALOMON HELFON TUACHI,

Petitioners,

v.

INTERACTIVE DATA CORP.; INTERACTIVE DATA PRICING AND REFERENCE DATA, INC.; and DOES 1 through 10, Inclusive,

Respondents.

CASE NO. 08-CV-1476-JM-POR

DECLARATION OF BRADD L. MILOVE IN SUPPORT OF EX PARTE APPLICATION FOR ORDER ENFORCING FINRA SUBPOENA

1. I am an attorney duly licensed to appear before this Court and all Courts of the State of California and others and Counsel to Petitioners/Claimants herein. The facts set forth herein are based on my personal knowledge or belief and if called to testify thereto, I could and would do so competently. This Declaration provides additional support for the special need which exists in this matter to enforce the subpoena issued by Chairman Bowersox in the underlying arbitration proceeding and the hardship which would be created if the subpoena to Respondents is not enforced.

2. I have been involved in most aspects of the underlying arbitration proceeding, including but not limited to pre-filing investigation, drafting of the Statement of Claim, pre-hearing conferences with the Arbitration Panel and Respondents Counsel, telephone conversations with an employee for

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Respondent Interactive Data Corp. (see Exhibit "13" to Declaration of Brian D. Miller dated August 26, 2008, a redacted copy of my declaration dated March 10, 2008), correspondence with counsel for Respondents, all aspects of discovery and document review, and the filing of various motions to compel production of documents.

3. The Subpoena to Respondents' Interactive Data Corporation and Interactive Data Processing and Reference Data, Inc. (collectively "IDC") seeks documents that are necessary for the fair presentation and just resolution of material issues in the Arbitration hearing scheduled to commence October 27, 2008 and are not otherwise available to Claimants absent enforcement of the Subpoena. The Subject Subpoena to Respondents IDC was issued pursuant to FINRA rules by Panel Chairman Bowersox. The documents and information subject to the Subpoena are believed to be within the unique possession and control of the IDC Respondents and should be easily retrievable by IDC. IDC maintains business offices in California, including an office in Irvine, California.

4. The underlying FINRA Arbitration case arises from the fraudulent offer, sale and margining of financial instruments known as Collateralized Mortgage Obligations (CMOs). As discussed in the Memorandum of Points and Authorities in Support of Petitioners Ex Parte Application, CMO's, particularly those "tranches" which act as support tranches for the more stable tranches, have been a breeding ground for securities fraud.

5. On September 4, 2008, FINRA issued a News Release, a copy of which is attached hereto as Exhibit "1," entitled:

> FINRA Sanctions Three Brokers for Sales of CMOs to Retail Investors
> First Enforcement Action Arising from FINRA's Ongoing Investigations
> Into Abuses in Marketing and Sales of Mortgage-Baked Securities

As discussed in Exhibit "1," the three brokers who were the subject of the disciplinary action worked for SAMCO in Boca Raton, Florida. Based upon our investigation to date, the brokers at SAMCO in Boca Raton, Florida are believed to have links to the Brookstreet Securities Corp. CMO Group in Boca Raton, Florida which operated from January 2004 through June 2007. The Brookstreet CMO Group operation is known to have been run by broker (and underlying arbitration Respondent) Clifford Popper who worked with a Jamie Solow at a firm in Florida known as Archer Alexander. FINRA records

indicate that Mr. Solow left Archer Alexander for SAMCO and Clifford Popper and certain associates transferred to the Boca Raton office of Brookstreet in January 2004. *See*, SEC v. Solow, 554 F.Supp.2d 1356 (S.D. Fla. 2008) (Imposing Penalties for violations of the Federal Securities laws) and U.S. Securities and Exchange Commission Litigation Release no. 20580 (May 15, 2008) Exhibit "2". See also SEC v. Solow, 2007 WL 1970006 (S.D. Fla. 2007) for an extended discussion of the Solow/Archer Alexander CMO Scheme including margin trading of inverse floaters in 750 retail customer accounts. (Denying Motion to Dismiss.) The description of the Solow CMO Inverse Floater margin scheme parallels the scheme alleged in the underlying arbitration.

6. Amongst the issues in the underlying arbitration is whether the prices provided by Respondent National Financial Services LLC (NFS), the clearing firm who maintained Claimants' accounts, were accurate. NFS asserts defenses that it did not generate prices, but instead claims it "reasonably relied" upon prices generated by the IDC Respondents herein and that Petitioners losses were occasioned by market forces, not mispricing. Therefore, the documents which would tend to show whether or not the prices were accurate, whether or not NFS reasonably relied on these prices, and whether or not someone fed bad information to Respondents or whether there was a misinterpretation of the information provided are all relevant. The documents sought are relevant to these issues and cannot be obtained elsewhere.

7. I have reviewed documents obtained from the Brookstreet Securities computer hard drive which discuss the IDC Respondents business services in valuing CMOs as follows:

A. Two page e-mail from the IDC **"Sr. Director, Global Fixed Income Evaluations"** LizAbela@FTID.com (Respondents' website) to bbetta@mail.bkst.com (William Betta was officed in the Boca Raton Florida branch office of Brookstreet Securities and was so registered with FINRA) including the **"U.S. CMO, ABS and CMBS Evaluation Methodologies"** brochure which purports to be published by Interactive Data. A copy of the Abela communication and attachment is Exhibit "3" hereto. The Abela E-mail also confirms that IDC maintains a **"system . . . that can keep track of challenges coming in and therefore have a record of all correspondence from our clients".**

/ / /

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B. **"U.S. CMO, ABS, and CMBS Evaluation Methodologies"** from FT Interactive Data, a copy of which is Exhibit "4" hereto. Note; although the documents appear similar to Exhibit "3", Exhibit "4" contains a discussion of IDC "models" for "Volatile Tranche Evaluations" which are relevant and material as the CMOs which are the subject of the underlying arbitration may generally be characterized as Volatile Tranches and include Inverse Floaters, IOs and other volatile derivatives.

8. I have reviewed hundreds of pages of documents which relate to CMO "pricing challenges" (i.e. arguments in favor of changing CMO prices higher) sent to IDC by NFS and Brookstreet Securities and Clifford Popper during the time period April 2004 through June 2007. The purpose of the pricing challenges was to enable NFS and Brookstreet to report higher CMO prices on Brookstreet client account statements and increase account equity which could support higher margin balances and increase margin interest income to NFS and Brookstreet. At times the Pricing Challenges are supported by contact information supplied by the Boca Raton office to encourage the price adjustments requested by Mr. Popper's office. That information was one of the reasons for category number 7 of the subpoena, requesting information obtained by IDC in pricing the CMOs from John Caporuscio, Robert Pedretti, Michael Weinckowski and Joseph Valentino in particular. Records produced in the underlying arbitration proceeding reflect that at times IDC Respondents were being asked to adjust prices based upon information from individuals such as those who were the source of the CMOs sold to Petitioners. The documents reviewed further reflect near daily correspondence with IDC during the period May through June 2007 relating to purported CMO **"pricing errors"** that were triggering margin calls in Brookstreet client accounts in the tens of millions of dollars.

9. Attached hereto as Exhibit "5" are copies of selected correspondence produced by Mr. Popper with respect to various "Price Challenges". (Bold added.) The pages include Dodger-Popper 1121:

> From: Stephanie Dow .<sdow@mail.bkst.com>
> To: Steve Washburn <swashburn@mail.bkst.com>
> Subject: $0 prices
> Date: 4/20/2004 6:13:32 AM
>
> We are faxing up a list of bonds that are currently unpriced in the NFS system. All of the bonds have been priced by NFS in the past. It is imperative that these bonds get priced. **99% are currently being priced by IDC/FT Interactive Data that provides pricing**

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for our inverse floaters, so there is no good reason for NFS to be missing prices. Please let me know if I need to provide any more info or if there is anything I can do to help get these issues priced.

Thanks a bunch!

Dodger-Popper 0385 dated October 28, 2004 from Brookstreet to Respondents herein:

Ladies and Gentlemen:

Amongst the **oddities in pricing** over the past 3 months is 31394GDH3 which dropped a mere 30 points from 103-04 on 8/6/04 to 73-24 on 8/16/04 during which 10 day period both US Treasuries and Agencies went up in price. I have about 20 such examples of bonds dropping 20-30 points in a rising bond market. Please understand the need to address the undervaluation of the issues forwarded in my previous email. There is no set of facts or extrapolation of facts that can account for bonds dropping 20-30 points in a 10 day period during which the bond market is rising. There have been numerous days where the bond market has gone up and your prices have plummeted. **There has been an "uncoupling" of your pricing and the market.**

For many years I have been privileged to utilize your pricing service which has been regarded as the best in the land. I hope the last 3 months are some sort of bizarre aberration and that you will resume your status as the pricing leader in the fixed income sector. A number of traders are extremely perplexed at the drops during the last 3 months and **the incongruity of the pricing going opposite to the direction of the bond market.**

Once again we thank you for your time and effort and look forward to your speedy response to the recent price challenges. I will continue to send you offerings that confirm the facts. As mentioned in my previous email FNR 04-14 SA, cusip 38374FLP7 is priced by you at 85-15 and is trading in large institutional blocks at 97-28. Please feel free to confirm this fact with bob Pedretti and Seelaus and Company at 561-338-9008. **This is just one of many cusips which have "mysteriously" dropped in the last 3 months.**

Good luck and keep us informed.

Clifford Popper

Dodger-Popper 0415 to Respondents herein:

It is evident that **your assumptive data is faulty. This especially effects the discount inverses. . . . This is a glaring error. . .**".

Dodger-Popper 0422 dated October 5, 2004 to Respondents:

The following 20 cusips have over reacted and their **prices need to be corrected.**

Dodger-Popper 0458 dated July 6, 2004:

The following cusips have over reacted and prices should be moderated. . . . Please confirm price adjustments.

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Dodger-Popper 0470 from Mr. Popper to IDC:

> **The pricing lately has been brutal, completely too low and absolutely absurd . . . You must know something nobody else knows.**

Dodger-Popper 0474-0476, E-mail to IDC:

> The following 15 cusips are currently **mispriced** and need adjustments.

Also, see Dodger-Popper 0488-89, 0493, 0494, 0498, 0500-0503, 0504, 0512-0514, 0518, 1111, 1119, 0519 and 0921 from Brookstreet to NFS dated May 4, 2006. At some point IDC terminated services and correspondence with Brookstreet and Popper.

> **FT has officially severed the relationship with our office so we can't request anything from them.**

Documents relating to the "Termination" are also subject to the IDC subpoena. Dodger-Popper document 1029 an E-mail from Tim Swanson to Cliff Popper dated 10/13/2005 indicates that CMO pricing caused IDC and NFS to interact at their highest levels.

> **The contents of the announcement letter is currently being discussed between FT and NFS. . . . Obviously, NFS Pricing, Risk and legal are involved.**

1032 E-mail from Stan Brooks dated 10/13/2005:

> **Patricia, if these new IDC prices hit, before you folks get on this, there will be a firestorm of complaints!**

1037 E-mail from Stan Brooks to Ted Nelson:

> Subject: FW: **pricing discrepancies**
>
> **FYI - Pricing service has changed their methodology -**
>
> --------Original Message--------
> From: Stan Brooks [mail to: sbrooks@mail.BKST.com]
> Sent: Wednesday, October 12, 2005 10:50 AM
> To: Nelson, Ted
> Subject: FW: **pricing discrepancies**
>
> **Another example . . . disaster!**
>
> **Our accounts will be priced with the lower IDC prices!**
>
> --------Original Message--------
> From: ADICKSON3@bloomberg.net

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Sent: Wednesday, October 12, 2005 10:50 AM
To: Stan Brooks [mail to: sbrooks@mail.BKST.com]
Subject: FW: pricing discrepancies

Stan: here is a quick sampling of 6 securities where IDC/FTIM price is half of the actual market value. The full actual list is now thousands of bonds.

10. The documentation obtained to date reflects a number of communications in the Spring of 2007 with respect to pricing issues for CMOs with significant price discrepancies. Attached as Exhibit "6" is a copy of an E-mail dated May 10, 2007 retrieved from Brookstreet Securities computer records which includes an E-mail from a Brookstreet employee, Cathie Prentice, stating:

> **As you know - the calls are all do to <u>pricing model issues</u> - which our fixed income department is working on with your pricing department.** I would be more than happy to provide you with copies of the work items for the price challenges if that would be helpful. (Underlining added.)

Brookstreet documentation indicates that Respondents were consulted in connection with a review of CMO pricing while margin calls were pending in May 2007.

From: Cleary, Tony [mailto: Tony.Cleary@fmr.com]
Sent: Wednesday, may 16, 2007 10:35 AM
To: Steve Washburn; Stan Brooks
CC: Morrissey, Laura Lynn
Subject: RE: OJR - Past due calls with bonds:

Steve,

I was able to speak with margin and gained agreement that no action would be taken until the situation can be properly reviewed. **As I mentioned, Andy Glenn from pricing is working with S&P and FT to determine data points used to see if any changes can be made.** As soon as we have a better answer around the **status of the pricing on these CMO's** I will let you know.

A copy is included as Exhibit "7" to this Declaration.

Similarly in a May 30, 2007 E-mail from Cathie Prentice of Brookstreet regarding "Bond accounts with past due calls", she states:

> I wanted to let you know where we are at in terms of getting these calls cleared up. Our bond group has sold approximately $53 million in order to relieve a portion of the outstanding calls (please see attached). **While some of the bond pricing issues have been corrected - there a still bonds that are not priced correctly and contributing to the calls in these accounts.**

A copy of this E-mail is Exhibit "8" hereto.

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11. Amongst recently discovered documents obtained from Brookstreet Corp. computer records is an E-mail dated August 31, 2004 which reflects communications between IDC Respondents and Brookstreet including an enclosed unexecuted contract, which appears to suggest that not only was NFS a client of Respondents, so was the CMO Bond Group of Brookstreet in Florida. A copy of those records are attached as Exhibit "9" hereto.

12. The CMOs which are the subject of the underlying proceeding are very complex and unique and information with respect to pricing is generally not available to the public. Indeed, even the securities industry relies on pricing services for these securities for "notional prices" given the lack of public bid/ask prices and the fact that no exchange carries CMOs, let alone the exotic CMOs which underly this proceeding. The documentation sought from IDC is simply unavailable elsewhere and necessary for a proper presentation of the claims in the underlying proceeding.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my information and belief. Executed this 8th day of September 2008 at San Diego, California.

Bradd L. Milove

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NEWS RELEASE

For Release: Thursday, September 4, 2008
Contacts: Nancy Condon (202) 728-8379
Herb Perone (202) 728-8464

FINRA Sanctions Three Brokers for Sales of CMOs to Retail Investors

First Enforcement Action Arising from FINRA's Ongoing Investigations Into Abuses in Marketing and Sales of Mortgage-Backed Securities

FINRA Investigation into Activities at former SAMCO Financial Branch Office Continuing

Washington, DC — The Financial Industry Regulatory Authority (FINRA) announced today that it has barred two brokers from the Boca Raton branch office of the now defunct brokerage firm, SAMCO Financial Services, Inc. - and suspended a third broker for two years - for misconduct in connection with selling complex mortgage-backed securities called Collateralized Mortgage Obligations (CMOs) to retail customers.

Brokers Cindy Schwartz (CRD No. 4649760) and Brian Berkowicz (CRD No. 4787371) were permanently barred from the securities industry. Broker John Webberly (CRD No. 4537227) was suspended. No monetary sanctions were imposed against Webberly due to his demonstrated inability to pay.

"These are FINRA's first enforcement actions arising from our ongoing investigations into abuses in the marketing and sales of mortgage-backed securities such as CMOs to retail customers," said Susan Merrill, FINRA Executive Vice President and Chief of Enforcement. "Brokers and firms have an obligation to ensure that they recommend these securities only to those customers for whom they are a suitable investment - namely sophisticated investors with a high-risk profile. Webberly, Schwartz and Berkowicz failed to fulfill this obligation when they recommended 'inverse floaters' to retail customers with little or no investment experience. And they compounded this misconduct by permitting the head trader to exercise discretionary authority in the customers' accounts to purchase CMOs."

A CMO is a security that pools together mortgages and issues shares - called "tranches" - with various characteristics and risks. The underlying mortgages serve as the collateral for the CMO and provide principal and interest payments to shareholders.

One of the most volatile and risky CMO tranches is the "inverse floater CMO," a thinly traded mortgage-backed security which is typically highly leveraged and vulnerable to a high degree of price volatility. Rising interest rates reduce the interest earned and also may decrease the principal payments to the investor. The reduction in the repayment of principal extends the maturity date, potentially for as much as 30 years. Furthermore, since each inverse floater is uniquely structured and thinly traded, prices used for valuation purposes are determined using theoretical pricing models. These prices are strictly best estimates of value and can vary substantially from prices obtained through actual bidding or market offerings. As a result, buying inverse floaters on margin further heightens the risk of investing in the product.

Since 1993, FINRA (formerly NASD) has published warnings that inverse floaters are suitable only for sophisticated investors willing to take on high levels of risk.

In its investigation of SAMCO Financial's Boca Raton branch, FINRA found that Webberly made unsuitable recommendations to four customers to buy these securities and that in making these unsuitable recommendations, he misrepresented or omitted material facts. FINRA further found that Schwartz and Berkowicz made unsuitable recommendations and misrepresented material facts in connection with sales

Ex 1
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to two and three of their customers, respectively. All three brokers allowed their supervisor, who was the head trader in SAMCO Financial's Boca Raton office, to improperly exercise discretionary authority to invest in inverse floaters in the accounts of these customers. Webberly's customers suffered realized losses of approximately $250,000 from their investments, Schwartz's customers suffered losses of approximately $95,000 and Berkowicz's customers lost approximately $190,000.

The head trader of that branch office focused his business on purchasing large par amounts of inverse floaters and allocating the shares among the branch's retail customer accounts, utilizing margin borrowing to finance the customers' investments. Webberly, Schwartz, Berkowicz and the other brokers in the office solicited potential customers for the head trader's investment program.

FINRA found that Webberly and Schwartz failed to conduct any suitability analyses - and Berkowicz conducted inadequate suitability analyses - to ensure that inverse floaters were suitable for the customers' individual situations. At the time each broker opened accounts for customers, the brokers knew that the head trader would be exercising discretion in the accounts, yet none of the three brokers obtained written authorization signed by the customers and a firm principal to allow the brokers or anyone else at the firm to exercise discretion in the accounts. After customers opened accounts at the branch, the head trader exercised discretion in their accounts, purchasing inverse floaters for the customers and frequently utilizing margin in their accounts to do so. In some cases, through the head trader's exercise of discretion, those accounts borrowed as much as three times the amount the customers had initially deposited in their accounts.

FINRA's investigation found, for example, that Webberly recommended to two couples with no prior investment experience that they invest in inverse floaters, falsely claiming that inverse floaters could not lose their principal, that there was no risk in margin borrowing costs exceeding the income earned on the investment, and that the investment was risk free. Each couple invested $50,000 in August 2005. Their deposits and margin borrowing of $100,499.75 were used to purchase inverse floaters. Ten months later, in June 2006, their accounts each earned $3,688.01 in interest, but paid $6,848.96 for the funds borrowed on margin. At that time, the shares were sold to satisfy the customers' margin requirements. This resulted in a realized loss for each account of $70,021.77, which exceeded their principal investment.

Similarly, both Berkowicz and Schwartz recommended CMO investments to investors with limited or no prior investment experience and made material misrepresentations about the characteristics of inverse floaters - in some cases describing CMOs as secured government bonds where an investor could not lose any money. Berkowicz and Schwartz also failed to discuss the potential risks of margin use with their customers. A decrease in the value of inverse floaters resulted in the issuance of margin calls and subsequent sales of their customers' CMO holdings - resulting in losses of approximately $190,000 for Berkowicz's three customers and $95,000 for Schwartz's two customers.

In concluding these settlements, Webberly, Berkowicz, and Schwartz neither admitted nor denied the charges, but consented to the entry of FINRA's findings. In addition to his suspension, Webberly is being required to cooperate in FINRA's continued prosecution of matters arising from its investigation into SAMCO Financial's Boca Raton branch office.

Investors can obtain more information about, and the disciplinary record of, any FINRA-registered broker or brokerage firm by using FINRA's BrokerCheck. FINRA makes BrokerCheck available at no charge. In 2007, members of the public used this service to conduct 6.7 million reviews of broker or firm records. Investors can access BrokerCheck at www.finra.org/brokercheck or by calling (800) 289-9999.

FINRA, the Financial Industry Regulatory Authority, is the largest non-governmental regulator for all securities firms doing business in the United States. Created in 2007 through the consolidation of NASD and NYSE Member Regulation, FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services. FINRA touches virtually every aspect of the securities business-from registering and educating all industry participants to examining securities firms; writing and enforcing rules and the federal securities laws; informing and educating the investing public; providing trade reporting and other industry utilities; and administering the largest dispute resolution forum for investors and registered firms. For more information, please visit our Web site at www.finra.org.

U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 20580 / May 15, 2008

Securities and Exchange Commission v. Jamie L. Solow, Civil Action No. 06-81041-CIV-Middlebrooks/Johnson (S.D. Fla., November 8, 2006)

Federal Court Orders Jamie L. Solow to Pay Over $6 Million In Disgorgement and Penalties for Violating the Antifraud Provisions and Aiding and Abetting Violations of Various Broker-Dealer Net Capital, Books And Records, And Reporting Provisions of the Federal Securities Laws

On May 14, 2008, the Honorable Donald M. Middlebrooks of the U.S. District Court for the Southern District of Florida permanently enjoined Jamie L. Solow, a former registered representative who resides in Hillsboro Beach, Florida, from violating the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), Exchange Act Rule 10b-5, and Section 17(a) of the Securities Act of 1933 ("Securities Act"), and ordered Solow to disgorge $3,424,788.90 in ill-gotten gains (including prejudgment interest) from his violations and to pay a civil penalty in the amount of $2,646,485.99, based upon a jury verdict that had been returned against Solow in January 2008. The Court's order also enjoined Solow from aiding and abetting violations of various broker-dealer net capital, books and records, and reporting provisions and from attempting to register as a broker-dealer or investment adviser or being associated with a broker-dealer or investment adviser.

On January 31, 2008, following a nine-day jury trial, the jury found that Solow had violated these antifraud provisions and had aided and abetted violations of the net capital, books and records, and reporting provisions committed by one of his former firms, Archer Alexander Securities Corp. ("Archer Alexander"). The Commission's complaint, filed on November 8, 2006 and amended on September 24, 2007, alleged that in 2003, while associated with Archer Alexander, Solow engaged in a fraudulent trading scheme involving inverse floating rate collateralized mortgage obligations ("inverse floaters"), a highly complex, risky, and volatile type of mortgage-backed security derivative. Solow fraudulently evaded trading restrictions imposed on him by Archer Alexander and entered into numerous non-riskless principal transactions in which he secretly bought new issues of inverse floaters worth millions of dollars from other dealers for settlement at later dates without having an offsetting sale arranged or authorization from Archer Alexander's chief executive officer. The value of the resulting proprietary positions far exceeded Archer Alexander's available net capital, thereby exposing the firm to substantial risk without its knowledge or authorization. To hide the fact that his trades were not riskless principal transactions, Solow made numerous misrepresentations and omissions,

EX 2
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including directing his assistant to prepare and submit false trade tickets that made it appear as though he had bought and sold blocks of inverse floaters on the same day. Archer Alexander, unaware of the actual circumstances of these transactions, paid Solow millions of dollars in compensation during 2003 for inverse floater trades that he carried out pursuant to this fraudulent scheme.

The Commission's complaint also alleged that during 2003 to 2006, while associated with Archer Alexander and another registered broker-dealer, SAMCO Financial Services, Inc. ("SAMCO"), Solow sold inverse floaters to retail investors with conservative to moderate investment objectives or low net worth for whom these complicated, volatile, and risky securities were unsuitable investments. Solow defrauded his customers by grossly understating the risks of investing in inverse floaters. While at SAMCO, Solow recommended that his customers use high levels of margin to purchase inverse floaters, yet failed to adequately and truthfully apprise them of the increased risks associated with doing so. Eventually, as interest rates rose during the second half of 2005 and early 2006, the value of the inverse floaters that Solow had purchased for his customers, as well as the monthly interest and principal payments on these securities, declined dramatically. Many of Solow's customers, including numerous elderly or retired investors, incurred heavy or total losses when they liquidated their accounts or were unable to meet margin calls.

The Court's May 14, 2008 order stated that, "[d]uring the trial I saw Mr. Solow blame others for his failings, refuse to accept any responsibility for his own actions, and repeatedly testify falsely under oath. Based upon his demeanor and testimony at trial, and after watching his video presentation to investors and hearing the testimony of those individuals he enticed into risky investments through false promises, I conclude he should not be allowed to register as, or associate with a registered broker-dealer or investment adviser."

http://www.sec.gov/litigation/litreleases/2008/lr20580.htm

From: <Liz.Abela@ftid.com>
To: <bbetta@mail.bkst.com>
Cc: <Sean.O'Connor@ftid.com>; <Mike.Foley@ftid.com>; <Matthew.Brodin@ftid.com>
Sent: Wednesday, August 11, 2004 1:35 PM
Attach: CMOMethodology 04.pdf
Subject: CUSIP 31394GEE9 & CUSIP 31394GGY3

Following up from our conversation of last Thursday, I have reviewed the two securities that you and Jim asked about and have provided the assumptive data used. I have also included below FTID's methodology document, which could be used as a reference by you and your colleagues.

The two securities, CUSIP 31394GEE9 - FHLMC 2647 VS and CUSIP 31394GGY3 - FHLMC 2649 JS, have been classified as having very volatile characteristics by our internal models as well as other external confirmation when the evaluators performed additional review on tools such as Bloomberg and YieldBook.

These securities are run through our proprietary OAS model, which incorporates similar structured bonds as benchmarks along with economic and other market related data. The evaluation assumptions used on July 30, 2004 for CUSIP 31394GGY3 was 18.6 year average life, -338 OAS, 10.94 yield = 97.87. The relatively low yield versus long average life and tight OAS prompted the evaluator to investigate the appropriateness of the evaluation being produced for this security. The review of the bond along with bond offerings for other similar structured bonds resulted in the evaluation being adjusted by approximately 27 points. The new assumptions on August 2nd were, 18.6 year average life, 81 OAS, 15.65 yield =70.48.

The evaluation assumptions used on August 3, 2004 for CUSIP 31394GEE9 was 18.8 year average life, -349OAS, 10.76 = 95.30. This bond also fell into the same category as the security above. The OAS model incorporated information on the above security that was recently entered as a benchmark resulting in the evaluation being adjusted by approximately 27 points. The new assumptions on August 4th were, 18.8 year average life, 87 OAS, 15.47 yield = 68.44.

A method occasionally used for added verification on these types of structures is to incorporate a re-combination analysis of the underlaying collateral, which was performed for both securities and verified that a lower evaluation was warranted.

In the future, when you have questions or challenges regarding our evaluations please contact customer service @ 781-687-8701 or email cseast@ftid.com. Please do not contact the evaluators directly. Your query will be logged into a system that is referenced by the evaluators throughout the day and a response should be returned to you within 24 hours. This system is in place so that we can keep a track of challenges

coming in and therefore have a record of all correspondence from our clients.

(See attached file: CMOMethodology 04.pdf)

Liz Abela-Davi
Sr. Director, Global Fixed Income Evalutions

U.S. CMO, ABS, and CMBS
Evaluation Methodologies

FT Interactive Data offers current and historical evaluations, factors, and related data for U.S. collateralized mortgage obligations (CMOs), asset-backed securities (ABSs), and commercial mortgage-backed securities (CMBSs). Our team of fixed-income professionals closely monitors the structured product markets, interest rate movements, new issue information, and other pertinent data. An evaluation represents FT Interactive Data's good faith opinion as to the current bid-side value for an institutional round lot position when an institutional market is present and given normal market conditions.

FT Interactive Data does not buy or sell securities for its own account or advise clients as to what securities they should buy or sell; our evaluations are unbiased estimations of current value, based upon the objectively verifiable information available to us at any given time.

COVERAGE

Collateralized Mortgage Obligations

FT Interactive Data provides volatility-driven evaluations and related data for fixed- and floating-rate CMO issues that are backed by agency and whole-loan collateral. CMO tranche types include:

- Companion Tranches
- Floaters and Inverse Floaters (LIBOR, CMT, COFI and Prime)
- IOs (Interest Only) and Ioettes
- PACs (Planned Amortization Class)
- POs (Principal Only)
- Sequential Pay Tranches
- TACs (Targeted Amortization Class)
- VADMs
- Z-bonds (accrual bonds) including Z-PACs and Jump-Z bonds
- CABs (Capital Appreciation Bonds)

Asset-Backed Securities

FT Interactive Data covers most fixed- and floating-rate asset-backed securities including:

- Auto Receivables and RV Loans
- Credit Card Receivables
- Home Equity and Home Improvement Loans
- Manufactured Housing Loans
- Student Loans
- Other Loan- and Receivable-based Securities

Commercial Mortgage-Backed Securities

FT Interactive Data covers most fixed-rate, floating-rate, and interest only payment tranches.

FT Interactive Data
FINANCIAL TIMES

At the speed of the market SM

Ex 3
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EVALUATION BASIS

FT Interactive Data obtains and applies:

- Dealer quotes and spreads
- Street consensus prepayment speed and, when applicable, a proprietary prepayment projection based on historical statistics of the underlying collateral
- 15:00 (Eastern Time) U.S. Treasury curve and swap curve

Depending upon the characteristics of a given tranche, a volatility-driven, multi-dimensional static model or option-adjusted spread (OAS) model is used.

If call information is available, our models compute both a yield to call and a yield to maturity, then derive an evaluated price for the bond by assuming the most probable scenario.

EVALUATION METHODOLOGY

Evaluations of tranches (non-volatile, volatile, or other) are based on FT Interactive Data's interpretation of accepted Wall Street modeling and pricing conventions.

When a new CMO, ABS, or CMBS issue comes to market, our evaluators analyze features such as the pricing speed, spread, volatility, and structure in order to compare the issue against the current model.

As input to our model, FT Interactive Data uses spreads and other information solicited from Wall Street buy- and sell-side sources, including primary and secondary dealers, portfolio managers, and research analysts.

To determine a tranche evaluation, FT Interactive Data:

1. Generates predicted cash flows for each tranche
2. Determines the benchmark yield
3. Incorporates tranche level attributes of CMOs, ABSs, and CMBSs, to determine tranche-specific spreads to adjust this yield

Generating a Tranche Cash Flow

To generate a tranche cash flow, FT Interactive Data's CMO evaluators use the following as model inputs:

- **Deal files:** An industry leader for securitized fixed income data and analytics reverse engineers all CMO, ABS, and CMBS deals, and provides FT Interactive Data with updated deal files on a daily basis. Use of actual pool and loan level collateral information enables our evaluators to prepare high quality models.
- **PSA prepayment median for the underlying collateral or the corresponding prepayment speed for the specific asset-backed security class:** The second input to the model is a projected prepayment speed for each type of underlying collateral described in the prospectus. FT Interactive Data generates new cash flows with the PSA prepayment median twice a month for each CMO collateral type and the appropriate prepayment speed for each asset-backed security class.

Historically, broker/dealer evaluations have relied on their own internal estimates of prepayment speeds for the underlying collateral within a given CMO or asset-backed security. FT Interactive Data will use either

- the Bond Market Association prepayment street median speeds for a CMO tranche.

  or

- a speed that is suitable, based upon the behavior of the CMO tranche, calculated using FT Interactive Data's proprietary prepayment model.

These projected prepayment speed updates are vital to the evaluation process.

Verifying Tranche Cash Flow

When an initial cash flow deal file is received from our source, FT Interactive Data's CMO evaluators check that file against projections in the issue's prospectus. If any significant deviation between the source data and the prospectus is noted, FT Interactive Data performs additional research on that structure.

After issue, new information becomes available in the form of the actual payment history (known as "factors"). If the specific underlying collateral information is available, FT Interactive Data checks the actual factors against the CMO model's projected factors.

EX 3
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Determining Tranche Yield and Generating an Evaluation

FT Interactive Data's CMO model determines tranche yield and evaluations in four steps:

1. Cash flows are generated with the deal files to determine an average life.
2. Yields are determined for fixed- and floating-rate issues:
   - For ABS and CMBS securities, either a swap curve or the "J" treasury curve will be used, when applicable (the "J" curve uses the literal maturity of a treasury benchmark)
   - For fixed-rate CMOs, the model takes the average life for each tranche and matches it to the nearest on-the-run Treasury. It then uses that Treasury's yield as the base yield.
   - Floating-rate issues are evaluated by a discount margin (DM) calculation. The DM measures the difference between the yield of the issue (at an assumed speed and current index) and the current value of the index over which the security resets.
3. Spreads are based on tranche characteristics such as average life, tranche type, tranche volatility, ratings, and underlying collateral. Floating-rate issues take life caps into account.
4. FT Interactive Data applies the appropriate tranche spread or DM to the corresponding benchmark. This value is then used to discount the cash flows to generate an evaluated price.

Volatile Tranche Evaluations

FT Interactive Data uses a proprietary evaluated pricing and prepayment model for evaluations of volatile tranches including, but not limited to:

- IOs (Interest Only)
- POs (Principal Only)
- IOettes
- Floaters
- Inverse floaters

This prepayment model uses varying monthly prepayment projections that reflect different levels of interest rates, seasoning, seasonality, and exposure to refinance opportunities. These models are derived from historic agency prepayment data, and take into account the temporal effects of streamlined and cash-out refinancing.

To evaluate volatile securities, the option-adjusted spread (OAS) model uses a combination of Monte Carlo simulation and arbitrage analysis to determine prices, as follows:

1. A Monte Carlo method is used to simulate future interest rate paths, which must be projected for the full range of Swap rates, Treasuries, LIBOR, COFI, and mortgage-backed rates for up to forty years:
   - The volatility of rates along the paths is carefully constructed to match the implied volatility of available financial instruments such as caps, floors, and swaptions.
   - The paths are constructed, stratified, and correlated in a way that conforms to arbitrage-free conditions.
2. The arbitrage analysis uses the results of cash flow projections from each path. Combinations of the cash flows and collateral characteristics of bonds used as benchmarks are used to reconstruct synthetically the cash flows for bonds that are being evaluated in the OAS model.
3. OAS is incorporated into this process both for maintaining the prices of benchmark securities and for arriving at evaluated prices based on the synthetic construct.

Miscellaneous Issue Type Evaluations

FT Interactive Data also strives to provide evaluations for issues that may not fit into any of the major categories described above. These issue types include, but are not limited to, non-investment grade issues and issues with special terms and conditions.

Securities are examined on a case-by-case basis to determine eligibility. In cases where market information is needed to evaluate a specific sector, evaluators work directly with a broker/dealer contact (sometimes provided by the client) for market color.

These issues are subject to the same quality control procedures applied to other evaluations provided by FT Interactive Data.

EX3

The Company

FT Interactive Data is a leading provider of financial information and analytical software to global markets. FT Interactive Data supplies global securities pricing, evaluations, dividend, corporate action, and descriptive information designed to support fund pricing, securities operations, research, and portfolio management. The company collects, edits, maintains, and delivers data on over 3.5 million securities, commodities, and derivative instruments traded around the world. This includes daily evaluations for more than 2.5 million unexpired fixed income issues. FT Interactive Data specializes in "hard-to-value" unlisted fixed income instruments and "hard-to-get" information from emerging markets.

In addition, through its affiliate, CMS BondEdge, the company is a recognized leader in and an independent source of fixed income portfolio analytics, risk management tools, and quantitative research.

At the core of FT Interactive Data's business are its extensive database expertise and technology resources. Data is delivered via direct feeds, a variety of Web-based tools, or is accessed via third party software. Clients include leading banks, brokerage firms, insurance companies, money management firms, government agencies, stock exchanges, trading houses, custodians, and fund managers worldwide.

FT Interactive Data is the major operating division of Interactive Data Corporation (NYSE: IDC), a leading global provider of financial and business information to institutional and individual investors. Interactive Data Corporation delivers real-time, end-of-day, and historically archived data to its clients.

Interactive Data Corporation is approximately 60% owned by Pearson plc and included within Pearson's Financial Times Group. Other Financial Times Group companies include the *Financial Times* newspaper, FT.com, and Financial Times Business. Pearson plc is an international media company with market leading businesses in education, business information, and consumer publishing.

For More Information

For information, contact your FT Interactive Data representative.

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LIMITATIONS

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The FT Interactive Data models described herein may contain mathematical algorithms that compute theoretical approximations of value for certain securities. FT Interactive Data makes no representation or warranty that its evaluations are error-free, that input data supplied to or by FT Interactive Data for use in its evaluations is complete or free from errors, omissions, or defects, or that approximations of value generated by its models and evaluation methodologies necessarily correspond to the actual traded price which could be obtained on any given day for any particular security. FT Interactive Data makes no warranties whatsoever, either express or implied, as to merchantability, fitness for a particular purpose, or any other matter.

FT Interactive Data
FINANCIAL TIMES

EX3

U.S. CMO, ABS, and CMBS Evaluation Methodologies

from FT Interactive Data

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FT Interactive Data does not buy or sell securities or advise clients as to what securities they should buy or sell; our evaluations are estimations of current value, based upon the objectively verifiable information available to us at any given time.

FT Interactive Data seeks to obtain market color, including bid information received by our fund clients, as part of our evaluation methodologies. To that end, we request that clients forward bid information to the evaluation team. This information is reflected in our evaluations to the extent that we deem it formative of our good faith opinion as to what a buyer in the marketplace would pay for a security (typically in an institutional round lot position) in a current sale.

COVERAGE

Collateralized Mortgage Obligations

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FT Interactive Data covers most fixed-rate, floating-rate, and interest only payment tranches.

FT Interactive Data is an Interactive Data company

Interactive Data

EX 4

Evaluation Basis

FT Interactive Data obtains and applies:

- Dealer quotes and spreads
- Street consensus prepayment speed and, when applicable, a proprietary prepayment projection based on historical statistics of the underlying collateral
- 15:00 (Eastern Time) U.S. Treasury curve and swap curve

Depending upon the characteristics of a given tranche, a volatility-driven, multi-dimensional static model or option-adjusted spread (OAS) model is used.

If call information is available, our models compute both a yield to call and a yield to maturity then derive an evaluated price for the bond by assuming the most probable scenario.

Evaluation Methodology

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- the Bond Market Association prepayment street median speeds for a CMO tranche.

  or

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EX4
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Verifying Tranche Cash Flow

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After issue, new information becomes available in the form of the actual payment history (known as "factors"). If the specific underlying collateral information is available, FT Interactive Data checks the actual factors against the CMO model's projected factors.

Determining Tranche Yield and Generating an Evaluation

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3. Spreads are based on tranche characteristics such as average life, tranche type, tranche volatility, ratings, and underlying collateral. Floating-rate issues take life caps into account.
4. FT Interactive Data applies the appropriate tranche spread or DM to the corresponding benchmark. This value is then used to discount the cash flows to generate an evaluated price.

Volatile Tranche Evaluations

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- IOettes
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- Inverse floaters

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   - The paths are constructed, stratified, and correlated in a way that conforms to arbitrage-free conditions.
2. The arbitrage analysis uses the results of cash flow projections from each path. Combinations of the cash flows and collateral characteristics of bonds used as benchmarks are used to reconstruct synthetically the cash flows for bonds that are being evaluated in the OAS model.
3. OAS is incorporated into this process both for maintaining the prices of benchmark securities and for arriving at evaluated prices based on the synthetic construct.

Miscellaneous Issue Type Evaluations

FT Interactive Data also strives to provide evaluations for issues that may not fit into any of the major categories described above. These issue types include, but are not limited to, non-investment grade issues and issues with special terms and conditions.

Securities are examined on a case-by-case basis to determine eligibility. In cases where market information is needed to evaluate a specific sector, evaluators work directly with a broker/dealer contact (sometimes provided by the client) for market color.

These issues are subject to the same quality control procedures applied to other evaluations provided by FT Interactive Data.

About Interactive Data

Interactive Data Corporation (Interactive Data) is a leading global provider of securities pricing, financial information and analytic tools to institutional and individual investors. Interactive Data's branded businesses are: FT Interactive Data, ComStock, CMS BondEdge and eSignal.

Headquartered in Bedford, Massachusetts, Interactive Data has approximately 1,800 employees in offices throughout the world. Interactive Data Corporation (NYSE: IDC) is approximately 60 per cent owned by Pearson plc and included within its Financial Times Group.

FT Interactive Data

FT Interactive Data, the major operating subsidiary of Interactive Data Corporation, is a leading provider of financial information and analytical software to global markets. FT Interactive Data supplies global securities pricing, evaluations, dividend, corporate action, and descriptive information for more than 3.5 million securities, including daily evaluations for approximately 2.5 million fixed income and international equity issues. FT Interactive Data specializes in "hard-to-value" unlisted fixed income instruments and "hard-to-get" information from emerging markets.

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EX 4
15

From: Stephanie Dow <sdow@mail.bkst.com>
To: Steve Washburn <swashburn@mail.bkst.com>
Subject: $0 prices
Date: 4/20/2004 6:13:32 AM

We are faxing up a list of bonds that are currently unpriced in the NFS system. All of the bonds have been priced by NFS in the past. It is imperative that these bonds get priced. 99% are currently being priced by IDC/FT Interactive Data that provides pricing for our inverse floaters, so there is no good reason for NFS to be missing prices. Please let me know if I need to provide any more info or if there is anything I can do to help get these issues priced.

Thanks a bunch!

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: <CSEast@ftid.com>
Sent: Thursday, October 28, 2004 10:02 AM
Subject: Price Drops eg:31394GDH3 from 8/6/04- 8/16/04

Ladies and Gentlemen:

Amongst the oddities in pricing over the past 3 months is 31394GDH3 which dropped a mere 30 points from 103-04 on 8/6/04 to 73-24 on 8/16/04 during which 10 day period both US Treasuries and Agencies went up in price. I have about 20 such examples of bonds dropping 20-30 points in a rising bond market. Please understand the need to address the undervaluation of the issues forwarded in my previous email. There is no set of facts or extrapolation of facts that can account for bonds dropping 20-30 points in a 10 day period during which the bond market is rising. There have been numerous days where the bond market has gone up and your prices have plummeted. There has been an "uncoupling" of your pricing and the market.

For many years I have been privelaged to utilize your pricing service which has been regarded as the best in the land. I hope the last 3 months are some sort of bizarre aberration and that you will resume your status as the pricing leader in the fixed income sector. A number of traders are extremely perplexed at the drops during the last 3 months and the incongruity of the pricing going opposite to the direction of the bond market.

Once again we thank you for your time and effort and look forward to your speedy response to the recent price challenges. I will continue to send you offerings that confirm the facts. As mentioned in my previous email GNR 04-14 SA, cusip 38374FLP7 is priced by you ay 86-15 and is trading in large institutional blocks at 97-28. Please feel free to confirm this fact with Bob Pedretti and Seelaus and Company at 561-338-9008. This is just one of many cusips which have "mysteriously" dropped in the last 3 months.

Good Luck and keep us informed.

Clifford Popper

EX5
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Challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: <CSEast@ftid.com>
Sent: Thursday, October 07, 2004 9:09 AM
Subject: New Price Challenges

The assumptive data you are using on the following cusips is incorrect as they have exibited faster speeds than you predicted; their prices need to be reassessed in light of their speeds and therefore their durations:

31393W3Q0 was 94-12 is 79-25 and should be 20.5. This bond has a huge 243m loan size, clean cash flow, nice OAS, nice strike, and the CPR JUMPED from 7.0 to 14.0 indicating a much shorter duration.

38374FCV4 was 105-14 is 90-22 and should be 101.25. This bond has a 14.4% coupon, a high 6.00 WAC, nice strike, clean cash flow, a wide open window, and the CPR JUMPED from 14.3 to 19.0 indicating a much shorter duration.

31394KZD9 was 100-29 is 85-14 and should be 98.5. This bond has a very high 6.64% strike, high WAC of 5.61, nice OAS, and the CPR JUMPED from 9.8 to 12.3 indicating a much shorter duration.

31395F2R4 was 110-11 is 103-03 and should be 107.75. This bond has a nice 6% strike, a high 6% WAC, nice 192m loan size, and the CPR JUMPED from 17.7 to 19.2 indicating a much shorter duration.

38374BKD4 was 110-01 is 104-24 and should be 108.75. This bond has a huge 7.5% strike, nice 550 WAC, wide open window, nice OAS, and the CPR JUMPED from 14.4 to 20.5 indicating a much shorter duration.

31393DHV6 was 91-18 is 78-01 and should be 90.25. This bond has a wide open window, nice OAS, and the CPR JUMPED from 7.8 to 12.3 indicating a much shorter duration.

31393EBW8 was 101-11 is 80-18 and should be 92.5. This bond has a 5.86 WAC, 5.65% strike, open window, nice OAS, huge 250m loan size, and the CPR JUMPED from 6.7 to 8.6 indicating a much shorter duration.

31394XSF4 was 114-31 is 104-02 and should be 112.75. This bond has a huge 7.5% strike, a high 5.95 WAC, large 212m loan size, nice OAS, and the CPR JUMPED from 15.8 to 21.2 indicating a much shorter duration.

31393WRW1 was 108-29 is 83-22 and should be 98.25. This bond has a rare prime based 8% strike, and high 5.64 WAC, nice OAS, and the CPR JUMPED from 10.5 to 13.6 indicating a much shorter duration.

31394WN53 was 113-18 is 104-31 and should be 111.25. This bond has a high 6.05% strike, a high 5.62 WAC, huge 220m loan size, nice OAS, and a CPR that JUMPED from 7.2 to 9.3 indicating a much shorter duration.

31393XM87 was 120-00 is 106-02 and should be 116-08. This bond has a huge 7.55% strike, a high 5.98 WAC, a nice 193m loan size, nice OAS, and the CPR JUMPED from 18.8 to 23.4 indicating a much shorter duration.

It is evident that your assumptive data is faulty. This especially effects the discount inverses. It is esential that you re-evaluate your pricing structure on the discount bonds as you have bonds with 3 to 5 year maturities assessed as 15 to 20 year bonds. There is a glaring error as evidenced by these faster speeds. Please advise us of corrections as soon as possible. We thank you again for your time and efforts.

Melissa

challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: <CSEast@ftid.com>
Sent: Tuesday, October 05, 2004 12:51 PM
Subject: Price Corrections

The following 20 cusips have over reacted and their prices need to be corrected.

31393X6U6 was 124-07 is now 108-27 and should be 122.5. This bond has a huge 7.05% strike, a high 5.92 WAC, clean cash flow, very controlled duration, a 20+ coupon, and a monster sized OAS. Huge OAS. NO change

31394KZD9 was 100-29, is now 85-14 and should be 98.5. This bond has a very high 6.64% strike, and excellent WAC of 5.61, double digit speeds 5 of last 6 months, and nice OAS. NO change

31393W3Q0 was 94-12, is now 79-25 and should be 90.5. This bond has a huge 243m loan size, clean cash flow, nice OAS, and nice strike. NO change

31393DHV6 was 91-18, is now 78-01 and should be 90.25. This bond has a wide open window with steady pay downs, moderate duration, and a nice OAS.

31393W4S5 was 100-31 is now 84-10 and should be 97. This bond has a wide open window with steady pay downs, fast speeds, a 5.55 WAC, and nice 5.6% strike, and moderate duration.

31393EBW8 was 101-11, is now 80-18 and should be 92.5. This bond has a 5.86 WAC, 5.65% strike, a wide open window, huge 250m loan size, and a nice OAS. changed to 79.740

31394XSF4 was 114-31, is now 104-02 and should be 112.75. This bond has a huge 7.5% strike, a high 5.95 WAC, double digit speeds 5 of last 6 months, large 212m loan size, and nice OAS. NO change

31394GDH3 was 90-20 is now 75-16 and should be 87.5. This bond has a huge 5.75 WAC, double digit speeds 6 consecutive months, a 5.6% strike, and nice OAS. NO change

31395EFN2 was 109-06 is now 101-12, and should be 108-16. This bond has a huge 7.2% strike, extremely short duration, clean cash flow, and nice OAS. No change

38374HWH9 was 114-20 is now 108-08 and should be 114-20. This bond has a moderated duration, a high 6% strike, a high 5.95 WAC, clean cash flow, and nice OAS. NO change

31393WRW1 was 108-29, is now 83-22 and should be 98.25. This bond has a rare prime based 8% strike, a high 5.64 WAC, 6 months of consecutive double digit speeds, moderate duration, and a huge OAS. changed to 83.0

38374EX36 was 123-07 is now 107-03 and should be 119.5. This bond has an enormous 8.02% strike, a high 6.00 WAC, 10 straight months of double digit speeds, and a controlled duration. NO change

31393XM87 was 120-00 is now 106-02 and should be 118-08. This bond has a huge 7.55% strike, a high 5.98 WAC, double digit speeds 5 consecutive months, controlled duration, nice 193m loan size and nice OAS. NO change

31394WN53 was 113-18 is now 104-31 and should be 111.25. This bond has a high 6.05% strike, a high 5.62 WAC, controlled duration, huge 220m loan size, a nice OAS. NO change

38374GN57 was 109-28 is now 98-29 and should be 107.25. This bond has an enormous 6.40 WAC, double digit speeds 5 consecutive months, very moderate duration, clean cash flow, and steady open window. NO change

31395F2R4 was 110-11 is now 103-05 and should be 107.75. This bond has a nice 6% strike, a high 6% WAC, extremely short duration, double digit speeds, nice 192m loan size. NO change

Dodger-Popper 0422

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38374FCV4 was 105-14 is now 90-22 and should be 101.25. This bond has a 14.4% coupon, a high 6.00 WAC, a nice strike, 6 consecutive months of double digit speeds, a wide open window with steady pay downs and a clean cash flow.

No change

31393WVR7 was 101-06, is now 86-03 and should be 98.75. This bond has a huge 6.95% strike, a high 5.62 WAC, double digit speeds 5 of last 6 months, a wide open widnow with steady pay downs, and a monster OAS. Huge OAS.

No change

38374BKD4 was 110-01 is now 104-~~24 and~~ should be 108.75. This bond has a huge 7.5% strike, nice 550 WAC, double digit speeds 7 consecutive months, a wide open window with steady pay downs, a moderate duration and nice OAS.

changed to 103.0

31393WWX3 was 95-17 is now 80-01 ~~and should~~ be 95.75. This bond has a wide open window with steady pay downs, double digit speeds 5 of last 6 months, a nice 5.6% strike, a nice 550 WAC, and large 216m loan size.

No change

We would appreciate an update on as many cusips as possible today and the rest tomorrow. Thanks again for your time and efforts. Have a great day!

Melissa

10/6/2004

EX5
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FHR 2645 WS & FHR 2802 CS

Melissa Adorno

From: Melissa Adorno [madorno@brookst.net]

Sent: Tuesday, July 06, 2004 3:40 PM

To: Kurt Schilling (kurt.schilling@ftid.com); matthew.brodin@ftid.com; ricardo.nichols@ftid.com; Stephen.Rappaport@FTID.com

Subject: Price Corrections

Challenges

Hello! Hope you had a great 4th of July weekend!

The following cusips have over reacted and prices should be moderated:

31393WU64 was101-29, is now 79-18, and should be 99-08. This bond has a wide open window having already paid down in half over the last year and is running at very fast speeds. 3 month CPR is 20. The bond is projected to last only 5-6 more months and clearly should be priced near par. Additionally, the bond has a huge loan size of 233M, a 5.64 WAC and 5.6 strike. 99-08 is a conservative price estimate.

31394YM50 was 104-16, is now 89-21, and should be 99-24. This bond has an extremely short profile only being a 3 year bond at 10 CPR. The window opens next month and is an extremely tight window. A 5.9 strike is also very good and large loan size of 218m (CA is main state) helps as well. The pass through structure ensures a tight window for principal distribution and eliminates significant extension risk. Our model shows this bond trading near par.

Please confirm price adjustments at your earliest convenience. Thanks as always!
Melissa

EX5
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challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: "Ricardo Nichols" <ricardo.nichols@ftid.com>; "Stephen Rappaport" <Stephen.Rappaport@FTID.com>; "Matthew Brodin" <matthew.brodin@ftid.com>; "Kurt Schilling" <kurt.schilling@ftid.com>
Sent: Friday, September 10, 2004 8:56 AM
Subject: Pricing failures

The pricing lately has been brutal, completely too low, and absolutely absurd. We regularly sell bonds 10 points above your pricing model and did so again yesterday. 31394L4Z2 was priced by you at 89 and we sold it above 99. Today we wish to challenge 31395EFN2 which you have priced at 98 and should be priced at 106.5. This bond is extremely short and has a huge OAS and an extremely high strike. I will have other challenges during the day and I have seen bonds trading in the street 10 points above your antiquated model. Interest rates keep dropping, prepayment speeds keep rising, yet you continue to increase the duration on mortgage backed bonds.

You must know something that no one else knows.
Sincerely,

Clifford Popper
Portfolio Manager

EXS
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Melissa Adorno

From: <CSEast@ftid.com>
To: <madorno@mail.bkst.com>
Sent: Tuesday, September 14, 2004 11:29 AM
Subject: Re: Price Challenges

response

Hello,

I guess there were six remaining issues left....
Regarding issue 31394T2W4:
A review of the security(s) being challenged has led to the following evaluation.
The new assumptive data used, which is reflective of the market sector the security trades in is:
82.5 / 195 psa / 6.9 avg life
The adjusted evaluation will be reflected in the 9/14/04 file.

Still waiting on five from this list, I will udpate you when I hear.

Thanks,
Gina Mastro

To: Sean O'Connor/Intdata@INTDATA, "Mike Foley" <m.foley@ftid.com>, CSEast@INTDATA
cc:
Subject: Re: Price Challenges

Thank you very much for your timely response. The following 15 cusips are currently mispriced and need adjustments:

31393WRW1 was 108-29 is now 80-12 and should be 94-24. Very rare prime based bond in limited supply with high demand, 8% floor, double digit speeds last 6 months, 5.64 WAC, huge 234m loan size, very high OAS.

31393WU64 was 101-29 is now 85-18 and should be 97-16. Wide open window with factor already down to 0.48, double digit speeds last 6 months, 5.64 WAC, moderate duration, huge 236m loan size, very high OAS.

31394GEE9 was 95-10 is now 74-24 and should be 87-12. Double digit speeds the last 6 months and a very high 5.75 WAC.

31394GDH3 was 96-10 is now 74-18 and should be 88-04. Double digit speeds the last 6 months and a very high 5.75 WAC.

31394KZD9 was 100-29 is now 88-08 and should be 96-12. Stable pass through cash flow structure with wide open window and excellent 5.64 strike. Excellent loan size as well.

31395CBV2 was 116-14 is now 107-27 and should be 113-24. High coupon and low lever make this bond very defensive. Excellent 6% strike and 5.89 WAC. Very predictable and stable duration with limited extension risk. Very high OAS.

31393W3Q0 was 98-14 is now 79-20 and should be 86-24. Huge 243m loan size mainly CA. Nice 5.65 strike.

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31393W4S5 was 106-00 is now 83-09 and should be 98-12. Wide open window, increasing speeds last 3 months, factor down to .81, moderate duration, and above average loan size.

31393EBW8 was 102-13 is now 80-08 and should be 94-16. Wide open window, huge 250m loan size, 5.86 WAC, 5.65 strike.

31393ECL1 was 103-13 is now 78-05 and should be 95-24. Blazing speeds, increasing last 3 months, wide open window, factoring down extremely fast.

31394G5D1 was 101-15 is now 75-02 and should be 87-12. Double digit speeds last 6 months, high 5.6 WAC, moderate duration.

31394KA46 was 111-04 is now 86-30 and should be 98-20. Blazing speeds, double digit last 9 months, high 6.01 WAC, 1.53 year AL at current speeds, 0.77 year AL at 6 month speeds. High OAS.

31394T2W4 was 95-08 is now 79-23 and should be 88-22. Wide open window with very clean cash flow, no interruption. Very high OAS, short duration.

31393W3P2 was 102-02 is now 91-27 and should be 99-16. Super short duration, wide open window at any speed, TAC 22 structure, extremely high OAS.

31395EFN2 was 109-06 is now 98-22 and should be 106-27. Ultra high 7.2 strike, double digit speeds, very high OAS, short stable duration.

We thank you for your time and efforts. Please email us with price corrections. It is very gratifying to feel that we have been getting excellent customer service once again.
Have a great day!!!
Melissa

----- Original Message -----
From: CSEast@ftid.com
To: madorno@mail.bkst.com
Sent: Friday, September 10, 2004 5:02 PM
Subject: Re: Price Challenges

Hello,

I received a second response for your challenge regarding issue 31393BRV9:
A second look of the security(s) being challenged has led us to make a re adjustment.
The new assumptive data used, which is reflective of the market sector the security trades in is: 92.89@5.2avl/245psa
The adjusted evaluation will be reflected in the 09/10/04 evaluation file.

Thank you,
Have a great weekend.

Gina Mastro

To: CSEast@INTDATA, <m.foley@ftid.com>, Sean O'Connor/Intdata@INTDATA
cc:
Subject: Price Challenges

EX 5
24

Hello,

31395EFN2 was 108 is now 98, should be 106.5. Bond is extremely short, high strike, high OAS.

31393BRV9 was 98 is now 81, should be 96.5. Bond is extremely short, fast speeds, high OAS.

Please advise of corrected prices asap. Use this email or call.
Thank you!

Clifford Popper
Portfolio Manager

(561)361-4567

Request Owner: Gina Mastro Claimed at 09/10/2004 12:10:31 PM Current Status: Claimed

Request Owner: Gina Mastro Claimed at 09/13/2004 10:18:36 AM Current Status: Claimed

EX5
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Challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: <cseast@ftid.com>; <m.foley@ftid.com>; <sean.o'connor@ftid.com>
Sent: Friday, September 10, 2004 9:44 AM
Subject: Price Challenges

Hello,

31395EFN2 was 108 is now 98, should be 106.5. Bond is extremely short, high strike, high OAS.

31393BRV9 was 98 is now 81, should be 96.5. Bond is extremely short, fast speeds, high OAS.
changed to 92.89

Please advise of corrected prices asap. Use this email or call.
Thank you!

Clifford Popper
Portfolio Manager

(561)361-4567

Ex5
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FHR 2691 SV

Melissa Adorno

From: Melissa Adorno [madorno@brookst.net]
Sent: Monday, July 19, 2004 4:15 PM
To: Kurt Schilling (kurt.schilling@ftid.com); ricardo.nichols@ftid.com
Subject: Price Corrections

challenge

Hello there,
The following cusip has over reacted and it's price needs to be moderated:

31394LGC0 was 98-27 is now 82-31 and should be 95-12. This bond has a 6% strike, a wide open window, and an extremely short life profile. Our model has this bond as a 4 year average life and with only a 2 lever it should be priced in the mid 95 handle. This bond is paying down steadily and is a 0 day delay. 22.1% of the collateral is in CA the highest re-fi state. At 14 CPR this is only a 1 year bond making a price of 95-12 on the money. Please advise us of price revision.

Thanks again for your attention!!
Melissa

EXS 27

Challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: "Ricardo Nichols" <ricardo.nichols@ftid.com>; <kurt.schilling@ftid.com>
Sent: Monday, July 19, 2004 5:14 PM
Subject: Price Corrections

Hello there,

The following cusip has over reacted and it's price needs to be moderated:

31394LGC0 was 98-27 is now 82-31 and should be 95-12. This bond has a 6% strike, a wide open window, and an extremely short life profile. Our model has this bond as a 4 year average life and with only a 2 lever it should be priced in the mid 95 handle. This bond is paying down steadily and is a 0 day delay. 22.1% of the collateral is in CA the highest re-fi state. At 14 CPR this is only a 1 year bond making a price of 95-12 on the money. Please advise us of price revision.

Thanks again for your attention!!
Melissa

Ex 5
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FHR 2677 SP

Melissa Adorno

From: Melissa Adorno [madorno@brookst.net]
Sent: Wednesday, July 21, 2004 3:39 PM
To: Kurt Schilling (kurt.schilling@ftid.com); ricardo.nichols@ftid.com; Stephen.Rappaport@FTID.com
Subject: Cusip 31394JUV7

Challenge

Hello Everyone!

The following cusip 31394JUV7 has over-reacted and its price should be moderated. Was 104, is 82, should be 97-24. This 5.99 WAC bond has a 6% strike and a wide open window. Three month CPR is 19.1. Our model has this bond with a three average life. At 20 CPR the AL is ½ year. There is no question that this high collateral, high WAC, high Strike, high speed, open window bond belongs priced in the mid to upper 90's. This bond has a pass through structure which assures steady principal payout. This is not a locked out 5 collateral bond with a 20 year average life. Please re-evaluate this cusip A.S.A.P. and advise us of the price correction.

Thank you for your assistance!

Melissa Adorno

Response

Melissa Adorno

From: <Stephen.Rappaport@FTID.com>
To: <madorno@mail.bkst.com>
Cc: <kurt.schilling@FTID.com>; "Ricardo Nichols" <ricardo.nichols@FTID.com>
Sent: Wednesday, July 21, 2004 5:06 PM
Subject: Re: 31394JUV7

A client challenged this bond at 81.95. After seeing bonds with open windows and similar structures, I evaluated this bond at 85.00. We are not projecting this bond to pay at the 3 month speed of 19.1 CPR. Tomorrow's level will reflect the $85.00 evaluation.
Stephen Rappaport

"Melissa Adorno"
<madorno@mail.bkst.com>

07/21/2004 04:41 PM

To: Stephen Rappaport/Intdata@INTDATA, Ricardo O. Nichols/Intdata@INTDATA
cc: Kurt Schilling/Intdata@INTDATA
Subject: 31394JUV7

Hello Everyone!<?xml:namespace prefix = o ns = "urn:schemas-microsoft-com:office:office" />

The following cusip 31394JUV7 has over-reacted and its price should be moderated. Was 104, is 82, should be 97-24. This 5.99 WAC bond has a 6% strike and a wide open window. Three month CPR is 19.1. Our model has this bond with a three average life. At 20 CPR the <?xml:namespace prefix = st1 ns = "urn:schemas-microsoft-com:office:smarttags" />AL is ½ year. There is no question that this high collateral, high WAC, high Strike, high speed, open window bond belongs priced in the mid to upper 90's. This bond has a pass through structure which assures steady principal payout. This is not a

EX 5
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locked out 5 collateral bond with a 20 year average life. Please re-evaluate this cusip A.S.A.P. and advise us of the price correction.

Thank you for your assistance!

Melissa Adorno

Challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: "Matthew Brodin" <matthew.brodin@ftid.com>; "Stephen Rappaport" <Stephen.Rappaport@FTID.com>; "Kurt Schilling" <kurt.schilling@ftid.com>; "Ricardo Nichols" <ricardo.nichols@ftid.com>
Sent: Thursday, July 22, 2004 4:27 PM
Subject: Price Correction

Hello there!!

Unbelieveably, there was a huge price drop on a 24.54% coupon with a steady flow of principal, a 5.58 WAC, a huge OAS, and fast speeds. Cusip 31394XDX1 dropped from 110-02 to 93-09 and it is clearly an error. This bond has NEVER run slower than 10.3 CPR, and speeds actually jumped from June to July by 20%. A very moderate duration, enormous coupon, and huge OAS make this a no brainer at 107-12 and make 93-09 inconceivable. PLease adjust and advise us of corrected price.
Thanks guys. By the way I wouldn't mind owning a 24.54% short term bond at a discount myself. :>)
Melissa

No change - 93

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challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: "Stephen Rappaport" <Stephen.Rappaport@FTID.com>; "Ricardo Nichols" <ricardo.nichols@ftid.com>
Cc: <kurt.schilling@ftid.com>
Sent: Wednesday, July 21, 2004 4:41 PM
Subject: 31394JUV7

Hello Everyone!

The following cusip 31394JUV7 has over-reacted and its price should be moderated. Was 104, is 82, should be 97-24. This 5.99 WAC bond has a 6% strike and a wide open window. Three month CPR is 19.1. Our model has this bond with a three average life. At 20 CPR the AL is ½ year. There is no question that this high collateral, high WAC, high Strike, high speed, open window bond belongs priced in the mid to upper 90's. This bond has a pass through structure which assures steady principal payout. This is not a locked out 5 collateral bond with a 20 year average life. Please re-evaluate this cusip A.S.A.P. and advise us of the price correction. changed to $85.

Thank you for your assistance!

Melissa Adorno

Ex 5
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Melissa Adorno

Response

From: <Stephen.Rappaport@FTID.com>
To: <madorno@mail.bkst.com>
Cc: "Kurt Schilling" <kurt.schilling@FTID.com>; "Matthew Brodin" <matthew.brodin@FTID.com>; "Ricardo Nichols" <ricardo.nichols@FTID.com>
Sent: Friday, July 23, 2004 9:18 AM
Subject: Re: Price Correction

We were given color yesterday that these bonds traded this week at 92.00 and are offered at 92.625. Based on this information, our evaluation of 93.00 seems fair.
Stephen Rappaport

|---------+---------------------------->
| "Melissa Adorno" |
| <madorno@mail.bks|
| t.com> |
| |
| 07/22/2004 04:27 |
| PM |
| |
---------+---------------------------->

To: Matthew Brodin/Intdata@INTDATA, Stephen Rappaport/Intdata@INTDATA, Kurt Schilling/Intdata@INTDATA, Ricardo O. Nichols/Intdata@INTDATA
cc:
Subject: Price Correction

Hello there!!

Unbelieveably, there was a huge price drop on a 24.54% coupon with a steady flow of principal, a 5.58 WAC, a huge OAS, and fast speeds. Cusip 31394XDX1 dropped from 110-02 to 93-09 and it is clearly an error. This bond has NEVER run slower than 10.3 CPR, and speeds actually jumped from June to July by 20%. A very moderate duration, enormous coupon, and huge OAS make this a no brainer at 107-12 and make 93-09 inconceivable. PLease adjust and advise us of corrected price.
Thanks guys. By the way I wouldn't mind owning a 24.54% short term bond at a discount myself. :>)
Melissa

Ex 5
34

FHR 2781 SL

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: "Matthew Brodin" <matthew.brodin@ftid.com>; "Stephen Rappaport" <Stephen.Rappaport@FTID.com>; "Kurt Schilling" <kurt.schilling@ftid.com>; "Ricardo Nichols" <ricardo.nichols@ftid.com>
Sent: Thursday, July 22, 2004 4:27 PM
Subject: Price Correction

Hello there!!

Unbelieveably, there was a huge price drop on a 24.54% coupon with a steady flow of principal, a 5.58 WAC, a huge OAS, and fast speeds. Cusip 31394XDX1 dropped from 110-02 to 93-09 and it is clearly an error. This bond has NEVER run slower than 10.3 CPR, and speeds actually jumped from June to July by 20%. A very moderate duration, enormous coupon, and huge OAS make this a no brainer at 107-12 and make 93-09 inconceivable. PLease adjust and advise us of corrected price.
Thanks guys. By the way I wouldn't mind owning a 24.54% short term bond at a discount myself. :>)
Melissa

Challenge

EX 5
35

Melissa Adorno

From: <Stephen.Rappaport@FTID.com>
To: <Kurt.Schilling@FTID.com>
Cc: <madorno@mail.bkst.com>
Sent: Monday, July 26, 2004 10:51 AM
Subject: Re: Price Correction

Response

We have been given color in the mid 70's due to the 5.371 WAC. The bond however is a pretty fast payer. We came up with a recombination value of 81.50. I'm am putting in this level today.
Stephen Rappaport
212-497-3409

|---------+---------------------------->
| Kurt Schilling |
| |
| 07/26/2004 10:11 |
| AM |
| |
---------+---------------------------->
>--|
| |
| To: Stephen Rappaport/Intdata@INTDATA |
| cc: |
| Subject: Price Correction |
>--|

----- Forwarded by Kurt Schilling/Intdata on 07/26/2004 10:11 AM -----
---------+---------------------------->
| "Melissa Adorno" |
| <madorno@mail.bks|
| t.com> |
| |
| 07/26/2004 10:07 |
| AM |
| |
---------+---------------------------->
>--|
| |
| To: Ricardo O. Nichols/Intdata@INTDATA, Kurt Schilling/Intdata@INTDATA |

EX 5
36

| cc:
| Subject: Price Correction
>--|

Good morning!<?xml:namespace prefix = o ns = "urn:schemas-microsoft-com:office:office" />

Cusip 31393EML0 has a huge 216m loan size, a very moderate duration even at 10 CPR, a wide open window and rapid pay down, a very clean cash flow with little or no interruption, and is running at brisk speeds. At the current 13.8 CPR this bond is only a 2.33 year <?xml:namespace prefix = st1 ns = "urn:schemas-microsoft-com:office:smarttags" />AL and therefore the price should be 98-07 where it was priced on 7/06/04. The current matrix price of 78-27 is appropriate for a bond 5 times longer than this one! You can not price a bond this short with a wide open window, huge loan size, fast speeds, and an excellent 6.1% strike under 90. Please advise us of the price adjustment to this bond. Thanks.

Melissa

EX 5
37

FNR 03-84 S

Melissa Adorno

From: Melissa Adorno [madorno@brookst.net]
Sent: Monday, July 26, 2004 9:05 AM
To: Kurt Schilling (kurt.schilling@ftid.com); ricardo.nichols@ftid.com
Subject: Price Corrections
Follow Up Flag: Follow up
Flag Status: Red

challenge

Good morning!

Cusip 31393EML0 has a huge 216m loan size, a very moderate duration even at 10 CPR, a wide open window and rapid pay down, a very clean cash flow with little or no interruption, and is running at brisk speeds. At the current 13.8 CPR this bond is only a 2.33 year AL and therefore the price should be 98-07 where it was priced on 7/06/04. The current matrix price of 78-27 is appropriate for a bond 5 times longer than this one! You can not price a bond this short with a wide open window, huge loan size, fast speeds, and an excellent 6.1% strike under 90. Please advise us of the price adjustment to this bond. Thanks.

Melissa

FNR 03-84 S

Challenge

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: "Ricardo Nichols" <ricardo.nichols@ftid.com>; "Kurt Schilling" <kurt.schilling@ftid.com>
Sent: Monday, July 26, 2004 10:07 AM
Subject: Price Correction

Good morning!

Cusip 31393EML0 has a huge 216m loan size, a very moderate duration even at 10 CPR, a wide open window and rapid pay down, a very clean cash flow with little or no interruption, and is running at brisk speeds. At the current 13.8 CPR this bond is only a 2.33 year AL and therefore the price should be 98-07 where it was priced on 7/06/04. The current matrix price of 78-27 is appropriate for a bond 5 times longer than this one! You can not price a bond this short with a wide open window, huge loan size, fast speeds, and an excellent 6.1% strike under 90. Please advise us of the price adjustment to this bond. Thanks.

Melissa

EXS
39

From: Stephanie Dow <sdow@mail.bkst.com>
To: Denise Geihm <dgeihm@Mail.BKST.com>
Subject: Re: Price Corrections - House Calls
Date: 10/6/2004 12:54:44 PM

We have not heard back from IDC yet so the pricing has already been set for today. (IDC sets the prices @ 3:15p.m. for that night's data feed). Please don't let NFS forget we also have PRIN and INT coming in on the 15th, 16th, 20th, and 25th.
----- Original Message -----
From: "Denise Geihm" <dgeihm@Mail.BKST.com>
To: "Stephanie Dow" <sdow@Mail.BKST.com>; "Clifford Popper" <cpopper@Mail.BKST.com>
Sent: Wednesday, October 06, 2004 3:30 PM
Subject: RE: Price Corrections - House Calls

> From NFS Margin department,
>
> We will hold these accounts pending pricing adjustments. Is the pricing
> adjustment happening today?
> ----------------------
>
> Cliff,
>
> Let's discuss again tomorrow morning!
>
> Thanks,
>
> -----Original Message-----
> From: Stephanie Dow [mailto:sdow@mail.bkst.com]
> Sent: Wednesday, October 06, 2004 11:22 AM
> To: Denise Geihm
> Subject: Fw: Price Corrections
>
>
>
> ----- Original Message -----
> From: Melissa <mailto:madorno@mail.bkst.com> Adorno
> To: Stephanie Dow <mailto:sdow@mail.bkst.com>
> Sent: Wednesday, October 06, 2004 2:10 PM
> Subject: Fw: Price Corrections
>
>
> ----- Original Message -----
> From: Melissa <mailto:madorno@mail.bkst.com> Adorno
> To: dgeihm@mail.bkst.net <mailto:dgeihm@mail.bkst.net>
> Sent: Wednesday, October 06, 2004 12:20 PM
> Subject: Fw: Price Corrections
>
> Here's what was sent to the pricing service.
> ----- Original Message -----
> From: Melissa <mailto:madorno@mail.bkst.com> Adorno
> To: CSEast@ftid.com <mailto:CSEast@ftid.com>
> Sent: Tuesday, October 05, 2004 12:51 PM
> Subject: Price Corrections
>
> The following 20 cusips have over reacted and their prices need to be
> corrected.

From: Stephanie Dow <sdow@mail.bkst.com>
To: Barry Kornfeld <bkornfeld.thecmobondgroup@mail.bkst.com>
Subject: Re: pricing...
Date: 5/10/2004 7:15:06 AM

CP submitting 20 bonds for price upgrade. We have been pretty successful at getting them to see the error of their ways...

----- Original Message -----
From: Barry Kornfeld
To: Stephanie Dow ; Cliff Popper ; Cari Contant ; Alex Dixon
Cc: Al Rubin
Sent: Monday, May 10, 2004 9:40 AM
Subject: pricing...

Alex,

is it really this bad, or are the factors just being priced in? did we get hit that hard on Friday? I have some accounts down 10-20% since the April statement. pls let me know.

bk

FHR 2684 SN

Melissa Adorno

From: "Melissa Adorno" <madorno@mail.bkst.com>
To: "Ricardo Nichols" <ricardo.nichols@ftid.com>; "Kurt Schilling" <kurt.schilling@ftid.com>
Sent: Thursday, July 29, 2004 4:20 PM
Subject: Price Correction

challenge

Hello!

This 21.35% inverse has a 5.65 strike, and huge 220m loan size. Cusip 31394L4Z2 dropped from 103-04 last night to 90-17 a drop of 13 points. Our model confirms your original price has been correct for the past 2 months. Our model shows 103-08 to be correct for this huge coupon, huge loan size and excellent strike. Please re-examine and adjust accordingly. Thanks.

Melissa

EX 5
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From: Stephanie Dow <sdow@mail.bkst.com>
To: Novak, Nancy <Nancy.Novak@fmr.com>
Subject: Re: More bonds to be priced
Date: 5/4/2006 12:49:31 PM

MessageWe need NFS's help in getting FT to price the bonds in the FT system. FT has officially severed the relationship with our office so we can't request anything from them. How should we go about having NFS request the bonds be priced regularly by FT?

----- Original Message -----
From: Novak, Nancy
To: Stephanie Dow
Cc: NFS Pricing Dept
Sent: Thursday, May 04, 2006 4:42 PM
Subject: RE: More bonds to be priced

Hi Stephanie

We have implemented new procedures and unfortunately I am no longer able to accept emails directly.
If you have a pricing issue please send a Streetscape request or email the pricing dept at Pricing@fmr.com
I did review your emails and have put them on one sheet.
I ran them vs a IDC macro and out of the whole bunch IDC is only pricing 4.
The four are currently pricing on a daily basis.
I can try and see if they are pricing out on Bloomberg and then manually update, but only for month end statements.
The handful I did spot check on Bloomberg are not pricing at all.
Please see attached and please feel free to contact me if you have any further questions.

Nancy Novak
Pricing Analyst
NATIONAL FINANCIAL a Fidelity Investments Company
Phone: 201.915.7532 | Fax: 508.263.3537
Email: nancy.novak@fmr.com
Mail Address: Fidelity Investments - 1000 Plaza 5, Jersey City, NJ 07311

-----Original Message-----
From: Stephanie Dow [mailto:sdow@mail.bkst.com]
Sent: Thursday, May 04, 2006 4:02 PM
To: Novak, Nancy
Subject: More bonds to be priced

Please have the following bonds priced:
C-3133X4FB2
C-3133X3MU4
C-3133XATS6
C-05567LAG2
C-3133X33W1
C-3133X4TB7
C-3133X5QL5
C-31339XLR3
C-3133MXGG8

From: Tim Swanson <tswanson@mail.bkst.com>
To: Clifford Popper <cpopper@Mail.BKST.com>
Subject: FT Interactive / NFS Pricing Policy...
Date: 10/13/2005 8:58:17 AM

Cliff,

I just spoke to Patty Cook. The contents of the announcement/letter is currently being discussed between FT and NFS. She is privy to that dialogue and thinks its moving forward appropriately. However, she could NOT guarantee a final approved announcement/letter TODAY. Obviously NFS Pricing, Risk and Legal are involved. While I will continue to press for that result, please prepare for a contingency of NOT receiving it until tomorrow (10/14).

I'll keep you closely posted.

Tim Swanson
Brookstreet Securities Corp., Member SIPC, NASD
(800) 268-2578, ext. 122 phone
(888) 826-2578 fax

From: Stan Brooks <sbrooks@Mail.BKST.com>
To: Stephanie Dow <sdow@Mail.BKST.com>, Stan Brooks<sbrooks@Mail.BKST.com>, 'Cook, Patricia' <Patricia.Cook@FMR.com>
Subject: RE: pricing discrepancies
Date: 10/13/2005 5:11:51 AM

Patricia, if these new idc prices hit, before you folks get on this
there will be a firestorm of complaints !

-----Original Message-----
From: Stephanie Dow [mailto:sdow@mail.bkst.com]
Sent: Thursday, October 13, 2005 5:58 AM
To: Stan Brooks; 'Cook, Patricia'
Subject: Re: pricing discrepancies

C-31395TE59, FHR 2958 SR
C-31395VHU6, FHR 2994 SH
C-31392XA65, FHR 2517 SB
C-31395R3L0, FHR 2949 WI
C-31394CZ39, FNR 2005-31 WI
C-31395R2L1, FHR 2949 ID
C-31394CJE3, FNR 2005-19 IO
C-31395R2P2, FHR 2949 IO
C-31395UPJ4, FHR 2982 CV

Please let me know if you need anything else...
thanks
----- Original Message -----
From: "Stan Brooks" <sbrooks@Mail.BKST.com>
To: "'Cook, Patricia'" <Patricia.Cook@FMR.com>
Cc: "Clifford Popper" <cpopper@Mail.BKST.com>
Sent: Wednesday, October 12, 2005 5:15 PM
Subject: RE: pricing discrepancies

> WILL DO, YOU WILL SEE PROBLEMS ON NEXT PRICE FEED FROM IDC,
>
>
>
>
>
> Cliff I need cuisip sent to this kind lady !
>
>
>
> Stan
>
> Stanley C. Brooks
>
> Press on and Never Give UP !
>
> 800-268-2578
>
> 949-279-0004 cell/emergency
>
>
>
>

From: Stan Brooks <sbrooks@Mail.BKST.com>
To: 'Cook, Patricia' <Patricia.Cook@FMR.com>
Subject: RE: pricing discrepancies
Date: 10/12/2005 1:15:11 PM

WILL DO, YOU WILL SEE PROBLEMS ON NEXT PRICE FEED FROM IDC,

Cliff I need cuisip sent to this kind lady !

Stan

Stanley C. Brooks

Press on and Never Give UP !

800-268-2578

949-279-0004 cell/emergency

-----Original Message-----
From: Cook, Patricia [mailto:Patricia.Cook@FMR.com]
Sent: Wednesday, October 12, 2005 12:19 PM
To: sbrooks@Mail.BKST.com
Subject: FW: pricing discrepancies

Stan,

Would you or your team be able to provide a cusip number for the CMO examples that were provided.

I am working with our Pricing Group to research your issue and they have requested a cusip.

It does not seem to be apparent in the information that you provided.

Please let me know at your convenience.

Thank you.

Regards,

Patty

Patricia C. Cook
Director - Client Services
Operations & Service Group
National Financial Services LLC

Telephone: (415)445-7153
Fax: (415) 445-6833
patricia.cook@fmr.com

-----Original Message-----
From: Nelson, Ted
Sent: Wednesday, October 12, 2005 11:17 AM
To: Cook, Patricia
Subject: FW: pricing discrepancies

FYI - Pricing service has changed their methodology -

-----Original Message-----
From: Stan Brooks [mailto:sbrooks@Mail.BKST.com]
Sent: Wednesday, October 12, 2005 10:50 AM
To: Nelson, Ted
Subject: FW: pricing discrepancies

Another example...disaster !

Our accounts will be priced with the lower idc prices !

Stan
Stanley C. Brooks
Press on and Never Give UP !
800-268-2578
949-279-0004 cell/emergency

-----Original Message-----
From: ADICKSON3@bloomberg.net [mailto:ADICKSON3@bloomberg.net
<mailto:ADICKSON3@bloomberg.net>]
Sent: Wednesday, October 12, 2005 10:50 AM
To: SBROOKS@mail.bkst.com
Subject: pricing discrepancies

Stan: here is a quick sampling of 6 securities where IDC/FTIM price is half of
the actual market value. The full actual list is now thousands of bonds.

From: "Cathi Prentice" <cprentice@brookstreet.com>
To: "Cicchetti, John" <John.Cicchetti@FMR.COM>
Sent: Friday, May 11, 2007 8:16 AM
Subject: RE: extensions

Hi John-

I just wanted to touch base. I have a call into Cliff Popper's office (our CMO bond group). As soon as I speak w/ them this a.m.- will get back w/ you & let you how we will resolve situation w/ open calls.

Thanks

Cathi

-----Original Message-----
From: Cicchetti, John [mailto:John.Cicchetti@FMR.COM]
Sent: Thursday, May 10, 2007 2:55 PM
To: Cathi Prentice
Cc: Cicchetti, John
Subject: RE: extensions

Cathi,
I had asked you for the details of the problems, as well as who in pricing you are working with but you didn't reply.
I am doing all I can to avoid selling out your accounts, but neither Margin or Risk has been given sufficient reason for us not to; and the sales placed did little to meet the calls.
Send me that info tonight so we can look into it tomw morning.

Thanks
john

-----Original Message-----
From: Cathi Prentice [mailto:cprentice@brookstreet.com]
Sent: Thursday, May 10, 2007 5:45 PM
To: Cicchetti, John
Subject: RE: extensions

As you know - the calls are all do to pricing model issues - which our fixed income department is working on with your pricing department. I would be more than happy to provide you with copies of the work items for the price challenges if that would be helpful.

-----Original Message-----
From: Cicchetti, John [mailto:John.Cicchetti@FMR.COM]
Sent: Thursday, May 10, 2007 2:41 PM

EX6
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From: "Cleary, Tony" <Tony.Cleary@fmr.com>
To: "Steve Washburn" <swashburn@brookstreet.com>; "Stan Brooks" <scb@brookstreet.com>
Cc: "Morrissey, Laura Lynn" <LauraLynn.Morrissey@fmr.com>
Sent: Wednesday, May 16, 2007 10:35 AM
Subject: RE: 0JR - Past due calls with bonds:

Steve,

I was able to speak with margin and gained agreement that no action would be taken until the situation can be properly reviewed. As I mentioned, Andy Glenn from pricing is working with S&P and FT to determine data points used to see if any changes can be made. As soon as we have a better answer around the status of the pricing on these CMO's I will let you know.

I have a follow up call with all parties involved from our side at 2pm tomorrow afternoon for a status update. I hope to hear something before then.

Thanks,

Tony Cleary
Vice President - Relationship Management
National Financial, a Fidelity Investments company
350 California St.
5th Floor
San Francisco, CA 94104
tony.cleary@fmr.com
phone: (415) 445-7110
cell: (617) 719-3409
fax: (617) 385-0690

From: Steve Washburn [mailto:swashburn@brookstreet.com]
Sent: Wednesday, May 16, 2007 8:12 AM
To: Cleary, Tony
Subject: FW: 0JR - Past due calls with bonds:

From: Villarroel, Rowland
Sent: Tuesday, May 15, 2007 11:12 AM
To: 'Cathi Prentice'
Cc: 'Andrea Morse'; Cicchetti, John
Subject: 0JR - Past due calls with bonds:
Importance: High

EX 7
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From: "Cathi Prentice" <cprentice@brookstreet.com>
To: <Tony.Cleary@fmr.com>
Sent: Wednesday, May 30, 2007 11:51 AM
Subject: 0JR - Bond accounts with past due calls

Hi Tony -

My manager Steve Washburn suggested I contact you regarding the open calls in our CMO bond accounts. As you are probably aware the open calls are being held in the account until tomorrow 5/31. The additional time allowed is very much appreciated.

I wanted to let you know where we are at in terms of getting these calls cleared up. Our bond group has sold approximately $53 million in order to relieve a portion of the outstanding calls (please see attached). While some of the bond pricing issues have been corrected - there a still bonds that are not priced correctly and contributing to the calls in these accounts.

Due to the current market conditions further sales in these accounts will be very disadvantageous to both the client and our firm. Is it possible to allow an additional 30 days to meet the calls in these accounts. Please advise.

Sincerely,

Cathi Prentice
Brookstreet Securities Corporation
Client Services Manager
888-456-2578 xt. 184

EX8
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...n:	"Barry Kornfeld" <bkornfeld.thecmobondgroup@mail.bkst.com>
To:	<Mike.Foley@ftid.com>
Sent:	Tuesday, August 31, 2004 1:08 PM
Subject:	Re: FTID Pricing via Bloomberg

ust CMO
----- Original Message -----
From: <Mike.Foley@ftid.com>
To: <bkornfeld.thecmobondgroup@mail.bkst.com>
Sent: Tuesday, August 31, 2004 4:07 PM
Subject: FTID Pricing via Bloomberg

> Barry
>
> Which modules are you interested in subscribing to? Is it just CMO?
> ----- Forwarded by Mike Foley/Intdata on 08/31/2004 04:04 PM -----
>

Sean O'Connor
To:
kornfeld.thecmobondgroup@mail.bkst.com
08/30/2004 03:39 cc: Mike
Foley/Intdata@INTDATA
PM Subject: FTID Pricing via
Bloomberg

Barry,

It was a pleasure speaking with you earlier. I received your e-mail
address from your administrator. Below you will find our fee schedule for
FT Interactive Data pricing via Bloomberg. Please contact me when you
ave
a chance and I will involve the Sales Manager, Mike Foley.

Thanks,

Sean L. O'Connor
Account Manager
FT Interactive Data
(p) 617-428-1610
(f) 617-423-2230
sean.o'connor@ftid.com

(Embedded image moved to file: pic04664.pcx)

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F n:	"Barry Kornfeld" <bkornfeld.thecmobondgroup@mail.bkst.com>
To:	<Mike.Foley@ftid.com>
Sent:	Wednesday, September 01, 2004 7:04 AM
Subject:	Re: FTID Pricing via Bloomberg

we are printing them as we speak and will fax later today. can you turn on the pricing service in the interim for my terminal?

BK

----- Original Message -----
From: <Mike.Foley@ftid.com>
To: <bkornfeld.thecmobondgroup@mail.bkst.com>
Cc: <Sean.O'Connor@ftid.com>
Sent: Wednesday, September 01, 2004 9:53 AM
Subject: Re: FTID Pricing via Bloomberg

\>
\> Barry
\>
\> Attached are the 2 documents we spoke about yesterday. If these documents
\> are acceptable could you fax a signed copy to my attention at 617-423-2230
\> and mail hard copy of each to me? I will then arrange for the documents
to
\> be counter-signed and sent back to you.
\>
\> Thanks
\>
\> Mike
\>
\> 10 Post Office SQ.
\> 8th Floor North
\> Boston, MA 02109
\>
\>
\>
\>
\> (See attached file: The CMO Bond Group.doc)(See attached file:
\> Bloombergbarrykornfeld090104.doc)
\>
\>

EX 9

FT Interactive Data
FINANCIAL TIMES

Schedule of Data Services
Accessed via Bloomberg
Commencement Date: September 1, 2004

Under the terms and conditions of the Services Agreement (the "Agreement") dated September 1, 2004, Contract Number BOST1904, effective as of the Commencement Date FT Interactive Data Corporation ("FT Interactive"), located at 22 Crosby Drive, Bedford, MA 01730 agrees to make the data and information described below ("Services" under the Agreement) available to The CMO Bond Group ("Customer") located at 3300 University Ave., Suite 807, Coral Springs, FL 33065 , via Customer's Bloomberg terminals ("Bloomberg Terminals") using exclusively non-portfolio Bloomberg applications ("Bloomberg Applications") for use by Customer in the manner described herein. Capitalized terms used in this Schedule and not otherwise defined in this Schedule shall have the meanings ascribed to them in the Agreement.

1. **Services Description:** The Services are comprised of the following types of bond data and information ("Data") maintained by FT Interactive and accessed by Customer's Users (as defined below) via Bloomberg Terminals for use by such Users exclusively on a "View Only" (as defined below) basis in conjunction with the Bloomberg Applications: municipal bond evaluations, municipal high yield evaluations, municipal securities descriptive information, corporate investment grade securities evaluations, MBS evaluations, ARM evaluations, CMO evaluations and SBA evaluations. For purposes of this Schedule, "User" means a natural person acting in an individual capacity who is an employee or agent of Customer and "View Only" access means that Users shall only be able to view Data made available to them via the Services using the Bloomberg Applications, but shall not be authorized to download, copy, transfer or otherwise remove any portion of such Data from the applicable Bloomberg Applications or export or import any portion of such Data from or into Excel Spreadsheets, Software Accounting Packages, Trading Systems, or any other applications.

2. **License:** FT Interactive hereby grants the number of Users identified on Appendix A a non-exclusive, non-transferable, limited license to use the Data accessed by such Users via the Bloomberg Terminals identified on Appendix A exclusively on a View Only basis in conjunction with the Bloomberg Applications. For purposes of this Schedule only, the limitations on use of the Services described in the first three (3) sentences of Section 7(c) of the Agreement shall not apply.

3. **Data:** Customer's Users may access the Data selected by Customer and identified on Appendix A.

4. **Fees:** Customer shall pay FT Interactive the annual per User fees set forth on Appendix A for the Data made available to such Users by FT Interactive via the Bloomberg Terminals identified on Appendix A.

5. **Evaluated Data:** In the event that Customer at any time receives Data from FT Interactive containing evaluations, rather than market quotations, for certain securities or certain other data related to such securities, the following provisions will apply: (i) evaluated securities are typically complicated financial instruments. There are many methodologies (including computer-based analytical modeling and individual security evaluations) available to generate approximations of the market value of such securities, and there is significant professional disagreement about which is best. No evaluation method, including those used by FT Interactive, may consistently generate approximations that correspond to actual "traded" prices of the instruments; (ii) FT Interactive's methodologies used to provide the pricing portion of certain Data may rely on evaluations; however, Customer acknowledges that there may be errors or defects in FT Interactive's software, databases, or methodologies that may cause resultant evaluations to be inappropriate for use in certain applications; and (iii) Customer assumes all responsibility for edit checking, external verification of evaluations, and ultimately the appropriateness of use of evaluations and other pricing data provided via the Service in Customer's applications, regardless of any efforts made by FT Interactive in this respect. Customer shall

EX 9
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indemnify and hold FT Interactive completely harmless in the event that errors, defects, or inappropriate evaluations are made available via the Service or the Data.

6. **Term:** Subject to earlier termination in the manner described in the Agreement, this Schedule shall commence as of the Commencement Date set forth above and shall continue to each successive annual anniversary of the Commencement Date until terminated by either party effective as of any anniversary of the Commencement Date upon not less than thirty (30) days' prior written notice of termination to the other party.

IN WITNESS WHEREOF, the parties have signed below by their authorized representatives, incorporating this Schedule into the Agreement as of the Commencement Date.

FT INTERACTIVE DATA CORPORATION	THE CMO BOND GROUP
Signed:__________	Signed:__________
Name:__________	Name:__________ (Please print or type name of signatory)
Title:__________	Title:__________
Date:__________	Date:__________

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APPENDIX A

Data Available via the Services and Applicable Annual Fees

1. Description of Services, Fees per User

Customer desires access to the Data indicated below:

	Data	Annual View Fee/User
☐	Municipal Evaluations	**$3,399**
☐	Municipal High Yield	Not available
☐	Municipal Descriptive Data	**$1,700**
☐	Corporate Bond Evaluations	**$2,266**
☐	High Yield Corporate Bond Evaluations	**$2,266**
☐	Corporate Bond Evaluations and High Yield Corporates	**$3,399**
☐	MBS/SBA Evaluations	**$2,266**
☐	ARMs Evaluations	**$1,133**
☒	CMO Evaluations	**$2,266**

Total Annual Fee Per User: $2,266.00

2. Number of Users; Aggregate Annual Fee

The Services identified above shall be made available via the following Bloomberg Terminal(s) (insert serial number(s) 176275) to (1) Users for an aggregate annual fee of $2,266.00 per annum, which Customer hereby agrees to pay.

EX 9
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Contract/Agreement Number BOST1904

Services Agreement for ~~North American~~United States Customers

This Agreement is made effective as of September 1 2004 between FT Interactive Data Corporation with a principal place of business at 22 Crosby Drive, Bedford, MA 01730 ("FT Interactive") and

The CMO Bond Group

3300 N. University Drive, #807

Coral Springs, FL 33065 (the "Customer").

Attention: Barry Kornfeld

FT Interactive agrees to provide, as available, the services set forth on the Schedule(s) referencing this Agreement (the "Services") under the following terms and conditions:

1. The Services

(a) The services that Customer may elect to receive include electronic data processing, microcomputer resident software, data access, selected or bulk delivery of data, funds evaluation services, contract programming, consulting and technical assistance.

The Services include the services set forth on the Schedule(s), and any provision by FT Interactive of delivery, or documentation thereof. The data and information that Customer may elect to access or receive includes securities pricing and descriptive data, fundamental data, econometric data, and evaluations of securities. "Evaluations" shall mean (i) mathematically derived approximations of estimated value, or (ii) individual security evaluations for miscellaneous issues, such as non-investment grade issues and issues with special terms and conditions which may not fit into any of FT Interactive's current evaluation models. Evaluations are not the transaction price at which an investment can be purchased or sold in the market, since no evaluation can correspond to or approximate the actual market price which could be obtained by the end user on any given day for any particular security. Mathematically derived Evaluations are based upon certain market assumptions and evaluation methodologies reflected in proprietary algorithms and may not conform to trading prices or information available from third parties. In evaluating those miscellaneous issues described above, FT Interactive's evaluators concentrate on market integrity within both market sector and issuer, examine the individual characteristics of each issue and confer with broker/dealers and other information sources. Evaluations are sometimes referred to as "pricing services" or "prices" solely for convenience of reference.

(b) As set forth on the applicable Schedule, access to, or delivery or transmission of Services shall be made to or from Customer's computer system ("Computer") at the address set forth on the applicable Schedule. Any physical medium on which the Services are provided ("Media"), such as any reel of magnetic tape, furnished by FT Interactive to Customer hereunder shall be returned to FT Interactive not later than fifteen (15) business days from the date the Media was created by FT Interactive; otherwise title to such Media (but not any data, information, or computer software thereon) shall pass to Customer, and Customer shall pay FT Interactive's then current charge therefor.

c) This Agreement is subject to any requirements of FT Interactive's data suppliers under FT Interactive's agreements with such data suppliers, including those requirements which may be imposed from time to time. FT Interactive's agreement to make any data available to Customer under this Agreement that is provided to FT Interactive by third party data suppliers is expressly conditioned on the effectiveness of FT Interactive's agreements with such data suppliers. FT Interactive shall no longer make such data available to Customer upon termination of the license granted by such data suppliers to FT Interactive to distribute such data. Customer acknowledges that it may be required under the terms of certain agreements between FT Interactive and its data suppliers to enter into a direct agreement (including the payment of licensing fees) with such suppliers for receipt of information provided by such supplier to FT Interactive.

2. Charges, Taxes, and Billing

(a) Customer agrees to pay all charges within thirty (30) days of receipt of FT Interactive's invoice therefor, without any set off. Charges shall begin to accrue as of the Commencement Date set forth on the applicable Schedule. After the first twelve (12) months that a Service is provided under this Agreement, all charges, terms and conditions are subject to change by FT Interactive; provided: (i) FT Interactive gives thirty (30) days prior written notice, and (ii) Customer may terminate that Schedule by written notice received by FT Interactive at least two (2) weeks prior to the effective date of such change. Notwithstanding any other provision, FT Interactive reserves the right to pass through to Customer any third party supplier change in cost; provided such a change is passed through no more than once in any calendar year for any Service.

(b) Customer shall pay all taxes, exchange user fees, or amounts equal to all taxes, however designated or levied, based on FT Interactive's charges, the services provided hereunder or otherwise arising out of this Agreement, exclusive of taxes based on FT Interactive's income.

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(c) Any applicable additional site or additional application discount is in effect only while Customer subscribes to such Service at the same or greater frequency for some other site and application at full retail price.

3. Change in Services

(a) Either party may terminate a Service effective on the first day of the month of each anniversary of the Commencement Date set forth on the applicable Schedule by giving the other party at least thirty (30) days prior written notice of termination.

(b) FT Interactive may change the content, format, medium, or means of access to or delivery of the Services by at least sixty (60) days prior written notice to Customer. If such change would result in a material adverse effect on the functionality of the Services as then used by the Customer, Customer may terminate the Services by not less than two (2) weeks written notice prior to the effective date of the change.

4. No Warranties

FT INTERACTIVE AND ITS SUPPLIERS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS OR ANY OTHER MATTER, OTHER THAN AS SET FORTH IN SECTION 9.

5. Limitation on Liability

(a) The Services provided hereunder are obtained or derived by FT Interactive from sources, in a manner that FT Interactive, using commercially reasonable resources, has reason to believe are reliable, such as pricing services, standard financial periodicals or publications, newspapers, brokers, dealers, underwriters and securities exchanges. While FT Interactive shall exercise good faith in delivering the Services, FT Interactive's or its suppliers' liability and Customer's remedy for any form of action shall not exceed one-half of the fees paid under the applicable Schedule during the twelve (12) calendar months preceding the alleged injury or damage. FT Interactive and its suppliers and their respective affiliates and third party licensors shall have no liability to Customer, or a third party, for delays, interruptions, errors, omissions or malfunctions in the Services, other than the obligation of FT Interactive to endeavor, upon receipt of notice from Customer, to correct a malfunction, error, or omission in any Services.

(b) Customer acknowledges that the Services are intended for use as an aid to institutional investors, registered brokers or professionals of similar sophistication in making informed judgments concerning securities.

Customer accepts responsibility for, and acknowledges it exercises its own independent judgment in, its selection of any of the Services, its selection of the use or intended use of such, and any results obtained. Nothing contained herein shall be deemed to be a waiver of any rights existing under applicable law for the protection of investors.

(c) Customer shall indemnify FT Interactive and its suppliers and their respective affiliates and third party licensors against and hold FT Interactive harmless from any and all losses, damages, liability, costs, including attorney's fees, resulting directly or indirectly from any claim or demand against FT Interactive by a third party arising out of or related to the accuracy or completeness of any Services received by Customer, or any data, information, service, report, analysis or publication derived therefrom. FT Interactive shall not be liable for any claim or demand against Customer by a third party, except as provided in Section 9.

d) Neither party nor FT Interactive's suppliers nor their respective affiliates and third party licensors shall be liable for (i) any special, indirect or consequential damages (even if advised of the possibility of such), (ii) any delay by reason of circumstances beyond its control, including acts of civil or military authority, national emergencies, labor difficulties, fire, mechanical breakdown, flood or catastrophe, acts of God, insurrection, war, riots, or failure beyond its control of transportation or power supply, or (iii) any claim that arose more than one year prior to the institution of suit therefor.

6. Proprietary Information

(a) FT Interactive shall treat as confidential and shall not knowingly copy or duplicate (other than for use as emergency back-up and in the normal course of performing processing on FT Interactive's computer facility) or knowingly disclose to any person or organization any confidential information which is submitted by Customer for processing.

(b) Customer acknowledges that the data and information contained in the Services constitute copyrighted, trade secret or proprietary information of substantial value to FT Interactive or its suppliers or their respective affiliates and third party licensors (collectively the "Proprietary Information"). Customer shall treat Proprietary Information as proprietary and shall not divulge, nor permit any of its employees or agents to divulge, any Proprietary Information to any person, except as expressly permitted under Section 7 of this Agreement.

(c) The provisions of Sections 6 and 7 shall survive until Customer provides FT Interactive an officer's certificate that the Proprietary Information has been purged from Customer's computer systems, and copies or portions thereof destroyed.

7. Limitations on Use of Service

(a) The Customer agrees to obtain access to the Services solely from, or to receive deliveries of the Services solely within, the United States.

(b) Customer agrees to use the Services solely for its internal use and benefit and not for resale or other transfer or disposition to, or use by or for the benefit of, any other person or organization, except as permitted in subsection 7(c) below.

(c) Use of a Service is further limited to use by Customer's Department in conjunction with the Application on the Computer, or temporarily on another computer system while the Computer is inoperative, or on a replacement computer system located in the United States upon advance written consent by FT Interactive, such consent not to be unreasonably withheld. The "Department", "Application" and "Computer" for a Service is set forth in the applicable Schedule. "Department" does not include Customer's parent organization or any affiliate or joint venture, except as expressly incorporated into the applicable Schedule. The information and data contained in the Services, or any portion thereof, (the "Data"), may not be transferred to or used on any

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other computer system. Customer may disseminate reports and analyses that contain "insubstantial" portions of Data by either hard copy or view only access; provided that such dissemination is for human cognition only and not for manipulation in machine readable form ("Hard Copy redistribution"). "Insubstantial" means those portions of Data which in the aggregate do not form a significant part of the Service from which they were derived, combined or revised. Other than Hard Copy redistribution, or any redistribution expressly incorporated into the applicable Schedule, no redistribution of the Data is permitted. Customer agrees to pay any incremental fee for any use it makes of the Data not expressly permitted under this Agreement or the applicable Schedule.

(d) If so indicated on the Schedule, Customer's use is further limited, such as limited to a particular database subset or number of securities within a Service.

(e) Customer shall not use or knowingly permit anyone else to use the Services for any unlawful and unauthorized purpose.

8. Marks

In providing the Services FT Interactive may from time to time make reference to product names or other names or marks that FT Interactive, or its suppliers, consider proprietary ("Marks"), such as the identification numbers and descriptions of securities created by Standard & Poor's CUSIP Service Bureau ("CSB") and known as CUSIP Numbers and CUSIP Uniform Descriptions. The Customer acknowledges that such numbers and descriptions were created by CSB through the expenditure of considerable work, time and money. The Customer agrees to protect the proprietary and copyright position of CSB and of the American Bankers Association in such numbers or descriptions both during and after the term of this Agreement. The Customer will not transfer such numbers or descriptions, or extracts therefrom or summaries thereof, to any other person or organization. It is not intended hereby to publish any or all of such numbers or descriptions furnished hereto; provided, however, that this Section shall not be deemed to prohibit the use of such numbers and descriptions in the normal course of processing security transactions or in the normal course of business of Customer, so long as the use of such numbers and descriptions is not intended to and does not serve in any way for the purpose of the creation or maintenance of a file of CUSIP numbers or descriptions for itself or for any other person or organization and is not intended to create and maintain and does not serve in any way as a substitute for any CUSIP service offered generally by CSB. Customer shall not use the Marks alone or in connection with other words, without the consent of FT Interactive or the relevant supplier as applicable.

9. Patent, Copyright and Proprietary Rights

(a) FT Interactive will defend any action instituted against Customer to the extent that it is based upon the claim that the use of the Services, or a portion thereof, directly infringes upon a United States patent, copyright or other proprietary right, and FT Interactive will pay all costs and damages attributed to such claim and finally awarded against Customer; provided that (i) Customer promptly notifies FT Interactive of such action and gives FT Interactive sole authority and all information and assistance (at FT Interactive's expense) to defend or settle such claim, (ii) such claim does not arise out of the use of Services when used in a manner not intended or with an unauthorized modification or misused, and (iii) any such costs and expenses were incurred with FT Interactive's written authorization.

(b) If such claim has occurred, or in FT Interactive's opinion is likely to occur, FT Interactive may, at its election and expense, either obtain for Customer the right to continue using the Services at issue or replace or modify the same so they become non-infringing. If neither of the foregoing alternatives is reasonably available, Customer agrees to discontinue use of said Services.

(c) This Section 9 sets forth the exclusive remedy of Customer against FT Interactive or any of its suppliers for patent, copyright or other proprietary right infringement.

10. Termination

(a) This Agreement shall be effective as of the date shown above and shall continue until written notice given to the other party that each and every Schedule of Services hereunder has been terminated in accordance with the terms of this Agreement.

(b) Upon failure of a party to comply with any material provision of this Agreement, the other party may terminate this Agreement on thirty (30) days written notice thereof if such material breach is not cured within such thirty day period.

11. General

(a) This Agreement and the applicable Schedule(s) constitute the entire understanding of the parties with respect to the Services and supersedes all prior or collateral agreements, or understandings. No waiver or modification shall be valid or binding unless in writing and signed by the party to be charged thereby. The Customer acknowledges that in executing this Agreement, it has not relied on any representation by FT Interactive or its employees or agents other than those incorporated herein, and further it has had the time and opportunity to obtain the advice of legal counsel concerning the terms and conditions hereof.

(b) The laws of the State of New York shall govern the construction and interpretation of this Agreement.

(c) No assignment (as that term is defined in the Investment Advisers Act of 1940) of a party's rights or obligations under this Agreement may be effectuated without the prior written consent of the other party; <u>provided</u>, <u>however</u>, that FT Interactive may assign this Agreement and any of its rights hereunder to any affiliate of FT Interactive; and <u>provided further</u>, that FT Interactive's consent to an assignment of this Agreement by Customer shall not be unreasonably withheld, except in the event that the proposed assignment is to a competitor or customer of FT Interactive, in which case FT Interactive may withhold its consent to assignment in its sole discretion. Customer acknowledges and agrees that (i) a transfer by operation of law or otherwise of Customer's interest in this Agreement and (ii) a Change of Control affecting Customer shall be deemed to constitute an

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assignment by Customer of Customer's rights, duties and obligations hereunder. Subject to the foregoing, this Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. The rights under this Agreement shall inure to the benefit of any third party holding any rights, interest or title in the Proprietary Information, or the property from which the Proprietary Information was derived. For purposes hereof, "Change of Control" shall mean, with respect to any entity, a transfer (whether in a single transaction or a series of related transactions) of more than fifty percent (50%) of the stock or other equity interests having voting or other rights to direct the management of such entity.

(d) Wherever possible the provisions of this Agreement shall be interpreted in a manner to be effective and valid under applicable law, but if prohibited or invalid, such provision shall only be ineffective to the extent required by law, without invalidating (to the extent possible) the intent of or remainder of such provision or other provisions.

(e) Unless otherwise notified in writing, notices required under this Agreement shall be sent to the address given above if to Customer, and to 22 Crosby Drive, Bedford, MA 01730, Attention: Legal Department, if to FT Interactive.

(f) The provisions of Sections 2(b), 4, 5, 6, 7, 8, 9, and 11 shall survive any termination or expiration of this Agreement.

(g) From time to time Customer may desire to test and evaluate certain additional Services and/or expand the scope of a Service to which a Customer already subscribes (e.g., increasing the frequency of delivery or receiving a new Service). FT Interactive is willing to provide sample data, information or software from such additional Services (the "Test Data") to Customer at no charge for a limited period of time (in no event to exceed thirty (30) days), in a mutually satisfactory form and frequency, provided that:

1. Customer will use the Test Data solely for the purpose of evaluating the Test Data and FT Interactive's Services within Customer's own organization and not for redistribution to any third party, or for any actual use in determining the net asset value of any portfolio or for any other productive purpose. FT Interactive, within its sole discretion and without further notice, may discontinue providing such Test Data at any time.

2. The Test Data, and the results of any test using the Test Data, are Proprietary Information hereunder, and the provisions of Sections 4, 5, 6, 7, 8, 9 and 11 of this Agreement apply to the use of the Test Data. Upon FT Interactive's request, and in any event after the expiration or termination of the test, Customer shall cease all use of the Test Data, and purge the Test Data and any copies thereof from its computer system. Customer shall return the Test Data (if delivered in a fixed medium), or supply a certificate of destruction thereof, upon FT Interactive's request.

FT Interactive will provide Test Data under cover of a letter referencing this Section. Any use of Services containing the Test Data outside of the scope of this Section 11(g) or for a period beyond 30 days must be on an appropriate Schedule, and is subject to incremental fees.

(h) FT Interactive is a registered investment adviser. Pursuant to the provisions of the Investment Advisers Act of 1940, FT Interactive offers to supply Customer with Part II of FT Interactive's Securities and Exchange Commission Form ADV upon written request of Customer.

(i) This Agreement may be signed in counterparts, with the same effect as if the signature on each counterpart were upon the same instrument.

In Witness Whereof, the parties hereto have signed by their authorized representatives.

CUSTOMER:

THE CMO BOND GROUP
(PLEASE PRINT OR TYPE)

BY: ______________________

NAME: ______________________
(PLEASE PRINT OR TYPE)

TITLE: ______________________

DATE: ______________________

FT INTERACTIVE DATA CORPORATION

BY: ______________________

NAME: Mark S. O'Brien
(PLEASE PRINT OR TYPE)

TITLE: Regional Sales Director

DATE: ______________________

FT Interactive Data
FINANCIAL TIMES

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F r: "Ferne Kornfeld" <fkornfeld.thecmobondgroup@mail.bkst.com>
To: <Sean.O'Connor@ftid.com>
Sent: Wednesday, September 01, 2004 9:22 AM
Subject: Re: FTID Pricing via Bloomberg

Will do.

> ----- Original Message -----
> **From:** Sean.O'Connor@ftid.com
> **To:** fkornfeld.thecmobondgroup@mail.bkst.com
> **Sent:** Wednesday, September 01, 2004 12:13 PM
> **Subject:** Re: FTID Pricing via Bloomberg
>
> Hello,
>
> Please fax the contract back to me and mail the hard copy. I will have the documents counter-signed and mailed back to you.
>
> Thanks,
>
> Sean L. O'Connor
> Account Manager
>
> FT Interactive Data
> 1^ ^ost Office Square
> B...on, MA 02116
>
> (p) 617-428-1610
> (f) 617-423-2230
> sean.o'connor@ftid.com
>
> **"Ferne Kornfeld" <fkornfeld.thecmobondgroup@mail.bkst.com>**
>
> 09/01/2004 12:10 PM
>
> To: Sean O'Connor/Intdata@INTDATA
> cc:
> Subject: Re: FTID Pricing via Bloomberg
>
> Sean,
>
> The contract is signed. Can I fax it back to you or do you need the original?
>
> Ferne Kornfeld
> ----- Original Message -----
> **From:** Sean.O'Connor@ftid.com
> **To:** bkornfeld.thecmobondgroup@mail.bkst.com
> **Cc:** Al Rubin ; Ferne Kornfeld ; Mike.Foley@ftid.com
> **(':** Monday, August 30, 2004 3:57 PM
> **Subject:** Re: FTID Pricing via Bloomberg

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Barry,

Can you please offer your fax number so that I can fax you over a schedule?

Thanks,

Sean L. O'Connor
Account Manager
FT Interactive Data
(p) 617-428-1610
(f) 617-423-2230
sean.o'connor@ftid.com

"Barry Kornfeld" <bkornfeld.thecmobondgroup@mail.bkst.com>

08/30/2004 03:42 PM

To: Sean O'Connor/Intdata@INTDATA
cc: "Al Rubin" <arubin.thecmobondgroup@mail.bkst.com>, "Ferne Kornfeld" <fkornfeld.thecmobondgroup@mail.bkst.com>
Subject: Re: FTID Pricing via Bloomberg

I want the CMO pricing service. add it to my Bloomberg account now if you can, and fax invoice to 954-656-8009. can we pay monthly, or quarterly?

thx,

BK

----- Original Message -----
From: Sean.O'Connor@ftid.com
To: bkornfeld.thecmobondgroup@mail.bkst.com
Cc: Mike.Foley@ftid.com
Sent: Monday, August 30, 2004 3:39 PM
Subject: FTID Pricing via Bloomberg

Barry,

It was a pleasure speaking with you earlier. I received your e-mail address from your administrator. Below you will find our fee schedule for FT Interactive Data pricing via Bloomberg. Please contact me when you have a chance and I will involve the Sales Manager, Mike Foley.

Thanks,

Sean L. O'Connor
Account Manager
FT Interactive Data
(p) 617-428-1610
(f) 617-423-2230
sean.o'connor@ftid.com

EX 9

Security Type				Annual Fee
				U.S.
				Dollars
...icipals				$3,399
Municipal High Yield				not available
Corporate Bonds				$2,266
High Yield Corporate Bonds				$2,266
Corporate Bonds and High Yield Corporates				$3,399
CMO				$2,266
MBS & SBA				$2,266
ARMS				$1,133

EX9

Brian D. Miller /S.B.#117262
Bradd L. Milove /S.B.#117221
Christopher J. Hayes, Esq./S.B.#156882
Miller & Milove
750 "B" Street, Suite 1880
San Diego, CA 92101
(619) 696-5200
(619) 696-5393 fax

Attorneys for Petitioners

MILLER & MILOVE
ATTORNEYS AT LAW
750 "B" STREET, SUITE 1880 ❖ SAN DIEGO, CA 92101
OFFICE: (619) 696-5200 ❖ FACSIMILE: (619) 696-5393

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

DODGER INC; GOLD INC; BORUJ INC; and SALOMAN HELFON TUACHI,

Petitioners,

v.

INTERACTIVE DATA CORP.; INTERACTIVE DATA PRICING AND REFERENCE DATA, INC; and DOES 1 through 10, inclusive,

Respondents,

CASE NO. 08-CV-1476-JM-POR

DECLARATION OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the following document(s) has been served on **September 08, 2008** to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system per Local Rule 5-4:

1. PETITIONER'S REPLY MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF EX PARTE APPLICATION FOR ORDER ENFORCING FINRA SUBPOENA

2. REPLY DECLARATION OF BRIAN D. MILLER IN IN SUPPORT OF EX PARTE APPLICATION FOR ORDER ENFORCING FINRA SUBPOENA

3. DECLARATION OF BRADD L. MILOVE IN SUPPORT OF EX PARTE APPLICATION FOR ORDER ENFORCING FINRA SUBPOENA

I declare under penalty of perjury according to the laws of the United States of America and the State of California that the foregoing is true and correct and that this Declaration of Service was executed on September 8, 2008 at San Diego, California.

/s/ Lynette Maurin

Lynette Maurin

MILLER & MILOVE
ATTORNEYS AT LAW
750 "B" STREET, SUITE 1880 ❖ SAN DIEGO, CA 92101
OFFICE: (619) 696-5200 ❖ FACSIMILE: (619) 696-5393